



President Reagan and Queen Elizabeth went riding in Windsor Great Park, the grounds of Windsor Castle, on Tuesday.

## Parliament Gives Reagan Big Welcome

In London, He Asserts Backing on Falklands

**Reuters**  
LONDON — President Reagan, defending Britain's military campaign in the Falklands, Tuesday its young men were not being sacrificed "for lumps of rock and earth" thousands of miles from home but to resist Argentine aggression.

His speech to about 500 members of the British Parliament was applauded loudly, and viewed as allaying suggestions that his support for Britain in the Falklands crisis was weakening.

Mr. Reagan, the first U.S. president to address the House of Commons and the House of Lords jointly, also called for a peaceful crusade to strengthen democratic institutions against Communism.

He said he was prepared to invite the Soviet leader, Leonid I. Brezhnev, to speak to the American people on U.S. television as long as he was allowed to speak on Soviet television.

The president's audience included Prime Minister Margaret Thatcher and Michael Foot, leader of the opposition Labor Party, who has attacked the U.S. military buildup to counter Soviet power.

Most Labor members boycotted the address, though Dame Judith Hart, the left-wing party chairman, was across the street in Parliament Square at a protest organized by peace campaigners.

**Audience Delighted**  
Despite some opposition to his visit to Britain and a controversy with White House officials said he would deliver his address in historic Westminster Hall, Mr. Reagan was warmly received Tuesday.

His audience was delighted by his words on the Falklands crisis, with its implicit rejection of British press criticism that he was double-crossing Britain.

He said that voices had been raised that Britain's young fighting men were being sacrificed "for

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■ The U.S. ambassador to El Salvador denied published reports that the Central American country's land-reform program has been suspended and said some acts of congressional committees go "too far" in trying to dictate how reforms should be carried out. Page 2.

■ A Tokyo district court handed down suspended prison sentences to two former Japanese politicians for their roles in the six-year-old Lockheed bribery scandal amid renewed speculation about the fates of key Liberal Democratic Party powerbrokers. Page 5.

■ Kenneth Rexroth, 76, a poet, critic, painter and precursor of the "Beat Generation" died in California. He won awards for his work as a poet, artist and critic. Page 5.

■ In Luxembourg, EEC industry ministers agreed to a one-year extension of mandatory production cuts on steelmakers. West German Industry Minister Otto Lambdorff said. Page 11.

■ A supplement describes West Berlin. Pages 7S-10S.

## Thatcher Says British Forces 'Will Have to Take' Falklands

*From Agency Dispatches*

LONDON — Prime Minister Margaret Thatcher declared Tuesday that British troops "will now have to take by force" Argentine strongholds on the Falkland Islands because Buenos Aires has not responded to appeals for surrender.

With clearing skies over the Falklands, improving conditions for a decisive British assault on the capital of Stanley, Argentina's president, Gen. Leopoldo Galtieri, reportedly rejected a United Nations call for withdrawal of his troops leading to a cease-fire.

Mrs. Thatcher said in the House of Commons there has been "no response whatsoever" from Buenos Aires to British surrender pleas.

"If the will and the consent were there, they only have to contact the [British] commander in the field and the withdrawal would be arranged before battle," she said.

There is no obstacle in the way of Argentina's withdrawal except the Argentineans, arranged in a horseshoe-shaped defense perimeter with their backs to the sea.

The Defense Ministry announced Tuesday that Britain now has more than 9,000 troops on the Falklands. Facing the British forces at Stanley are an estimated 7,000 Argentines, arranged in a

blanket of fog, freezing rain and mist that has covered the islands for a week.

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horseshoe-shaped defense perimeter with their backs to the sea.

Royal Navy Cmdr. Mike Bracken said the British also have landed support units, 20,000 tons of ammunition and other supplies at their beachhead at San Carlos Bay, 50 miles (80 kilometers) west of Stanley on East Falkland Island.

### Oil Tanker Reports Attack

In New York, meanwhile, the U.S. Coast Guard said that a 1,067-foot oil supertanker reported Tuesday that it was bombed and damaged by an unidentified aircraft 480 miles northeast of the South Atlantic chain, a British colony since 1833.

Asked whether the United States acknowledged British sovereignty, Mr. Haig said Washington "has not taken the substantive judgment on the overall status of long-term sovereignty."

But he added that the United States supports Britain's "right to protect their view of sovereign territory, recognizing it is, and has been for an extended period, under dispute."

Egypt and Morocco denounced the invasion Tuesday in the first joint move by Egypt and one of

the Arab countries that had severed relations with it because of its separate peace with Israel.

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## U.S. Envoy Counters Reports of Suspension Of Salvadoran Reforms

By William Chapman  
*Washington Post Service*

WASHINGTON — The U.S. ambassador to El Salvador, Deane R. Hinton, has denied reports that the Salvadoran land reform program has been suspended. He said that some acts of congressional committees go "too far" in trying to dictate how reforms should be carried out.

In an unusually outspoken effort to defend the new Salvadoran government against recent congressional criticism, Mr. Hinton said Monday that El Salvador's land reform program has been unfairly criticized by the American press and he asserted that the Senate Foreign Relations Committee reached a "wrong decision" in voting to reduce foreign aid.

Mr. Hinton, a career diplomat, spoke to the World Affairs Council of Washington in what was part of a concerted administration lobbying drive to restore funds cut in Congress from the El Salvador support program. With crucial votes coming soon on Capitol Hill, Mr. Hinton, in private briefings during the last week, also tried to get key committee members to shift their positions.

Reports from El Salvador, some of which Mr. Hinton described as inaccurate, have said that the new rightist government has suspended part of the land reform program and has begun evicting large numbers of peasants from land they have farmed.

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## Disarmament Session Convenes at UN Under Cloud of Past Failure

By Walter Pincus  
Washington Post Service

UNITED NATIONS, N.Y. — The General Assembly's second special session on disarmament has opened with the two top UN officials frankly reminding the delegates that nothing concrete emerged from the organization's first such session in 1978.

"Not a single weapon has been destroyed over the past four years," Assembly President Ismay Kittani of Iraq said Sunday of the results of the earlier disarmament session. He called it "a sorry record of failure."

Secretary General Javier Pérez de Cuellar recalled that the comprehensive program of disarmament adopted by the assembly in 1978 "has largely remained a dead letter." The goals in that program, he said, are "further from our reach now than they were four years ago."

It was on that note that the General Assembly began Monday what will be five weeks of speeches on the need to end the arms race. At least 14 world leaders and high officials of 85 other nations are expected to talk. Among them will be President Reagan, Prime Minister Margaret Thatcher of Britain and Chancellor Helmut Schmidt of West Germany. The Soviet position will be given by Foreign Minister Andrei A. Gromyko.

In addition, there will be brief presentations by more than 75 representatives of nongovernmental organizations, including peace and arms research groups from around the world.

The outcome is expected to be a new version of the disarmament plan passed four years ago. Despite this emphasis on action by

the United Nations, however, there is recognition among some of the delegates that the international organization can do little more than apply moral pressure to its members that are actually in the arms race.

Mr. Kittani noted that when it comes to reductions in nuclear weapons, for example, the "superpowers," the United States and Soviet Union, "must lead the way if there is to be progress." He welcomed the participation of world leaders but added that he hoped they "would not defend old, sterile and even dangerous positions."

Although he voiced despair at past inability to control the building of arms, the assembly president said there were two new factors today. "Economics are working in favor of rationality in the arms race," he said, referring to the high cost of building new weapons.

He described as the "most encouraging" new factor "the growing and increasingly assertive public movements against the arms race," which he said are "worldwide and cut across the political spectrum."

Saturday, an estimated 500,000 people are expected to march past the UN headquarters building and then gather in Central Park for a daylong anti-nuclear rally. A demonstration Monday near the United Nations drew a much smaller number. At mid-afternoon, only about 150 people were to be found, listening to a folk singer and waiting for the peace activists Daniel Ellsberg to speak.

Although the United States does not expect any direct pressure on it as a result of the General Assembly session, it has taken steps to meet what it sees as attempts to



Delegates at the opening of the UN disarmament session.

*Underline International*

put the Reagan administration's disarmament policy in a bad light. By withholding visas from peace activists around the world, who, the administration said, were associated with Soviet front groups such as the World Peace Council, the State Department hoped to prevent speeches at public meetings here and in other American cities.

The U.S. delegation also may have problems with two resolutions expected to be introduced. One sponsored by India would say that any nation that uses nuclear weapons will be committing a crime against humanity. The Soviet Union may introduce a resolution calling for nations to agree to "no first use" of nuclear weapons. In the past, the United States has opposed such resolutions.

To present its side of the issue, the U.S. delegation has opened an exhibit at its mission's headquarters. It features videotapes of Mr. Reagan's disarmament speeches and charts that show Soviet spending on arms as far greater than that of the United States.

U.S. Russia Meet in Geneva  
GENEVA (AP) — U.S. and Soviet negotiators conferred Tuesday for more than two hours in the 29th round of talks on reducing intermediate-range nuclear weapons in Europe.

While Gov. Edmund G. Brown Jr. of California was the overwhelming favorite for the Democratic nomination to succeed Sen. S.I. Hayakawa, who is retiring, the Republicans had a three-way race for their nomination. Mayor Pete Wilson of San Diego has led in recent polls over Reps. Barry Goldwater Jr. and Paul N. McCloskey.

In New Jersey, where Sen. Nicholas F. Brady — appointed to

successor Harrison A. Williams Jr., the Democrat who resigned — is not seeking the nomination, Jeffrey Bell, a former campaign aide to President Reagan, was pressing the early favorite, Rep. Milliken H. Fenwick. Democrats had a nine-way race for their nomination, with businessman Frank R. Lautenberg and former Reps. Andrew Maguire and Joseph LaFalante believed to be leading.

In the Republican gubernatorial primary in California, Lt. Gov. Michael C. Curb and Attorney General George Deukmejian each claimed to have been a better supporter of Mr. Reagan. On the Democratic side, Mayor Tom Bradley of Los Angeles faced no serious opposition in his first step toward becoming the first black to serve as a state governor in more than a century.

The Republican hopes for gains in the Senate involved Rep. David F. Emery, who is unopposed in Maine, and Larry Williams, an author and investment counselor who was the heavy favorite for his party's nomination in Montana.

In Maine, the appointed incum-

bent Democrat, George J. Mitchell, was also unopposed. But in Montana, John Melcher had a primary foe, Mike Bond, who accused him of bending too far in support of Mr. Reagan last year.

Across the nation, Democrats had high hopes of adding control of statehouses in Arkansas, Iowa, and Ohio.

But the real action was in the close races for the chance to succeed Gov. James A. Rhodes. Among the Democrats, former Lt. Gov. Richard Celeste and Attorney General William J. Brown appeared to be running ahead of Jerry Springer, another former Cincinnati councilman, who has put ads on television apologizing for having visited a prostitute as evidence that he faces up to his mistakes.

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## U.S. Bars Visas to Some Activists Hoping to Attend UN Peace Meeting

By Paul Taylor  
Washington Post Service

WASHINGTON — More than 300 foreign peace activists, most of them from Japan, were denied visas to attend a United Nations disarmament conference that opened Monday in New York because they are affiliated with organizations that have Communist ties.

The State Department initially denied the visas last week under the provisions of the 1952 McCarran-Walter Act, which bans entry into the United States to anyone who is affiliated with a Communist organization.

When news of the visa denials broke, the department said the action was mandatory under the act, and that the names of 357 applicants had been sent to the Justice Department to see if any waivers should be granted.

Duke Austin, spokesman for the Justice Department's Immigration and Naturalization Service, said Monday that its examiners decided to waive the denials in 42 cases where the applicant had received a personal invitation from the UN to attend the conference.

#### No Special Circumstances

As for the remaining 315, Mr. Austin said there were "no special circumstances in any of the cases that would warrant a waiver." He added that Attorney General Wil-

liam French Smith, while he did not personally review every case ... was aware of the decision."

The denials drew a sharp protest from peace movement leaders, who will try to overturn them Tuesday in U.S. District Court in New York.

"This is an act of political weakness and it will not succeed," said Sidney Peck, director of the International Liaison Office in New York, a private group that is helping to coordinate the UN conference and an anti-nuclear rally planned for Saturday in New York's Central Park.

"They must indeed be frightened of the growing international movement for disarmament," Mr. Peck added.

#### Restraining Order

At least 286 of the 315 unsuccessful visa applicants are members of Gensoikyo, a Japanese organization with ties to proscribed organizations, but, for reasons that are not clear, chose to grant visa applications to more than 100 of them, including some members of Gensoikyo.

He also said that several hundred members of the Japanese organization, whose name stands for Japanese Council Against A and H Bombs, were allowed to attend a similar UN disarmament conference in 1978.

U.S. District Court Judge Pierre Leval, during court hearings Monday, asked the government's attorney to present letters in which the administration formally sets forth its reasons for denying the visas. He also ordered the government to produce records of how often the McCarran-Walter Act has been invoked.

A spokesman for the State Department said that once the Justice Department decided not to grant waivers, the matter was closed.

But peace groups and the American Civil Liberties Union, which is representing them in court, said

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## Kirkpatrick Terms U.S. Diplomacy Amaterish

*United Press International*

NEW YORK — Jeane J. Kirkpatrick, the U.S. delegate to the United Nations, says that U.S. diplomats have behaved "like a bunch of amateurs" in international affairs.

"I believe the decline of U.S. influence in the United Nations is part of the decline of U.S. influence in the world," Mrs. Kirkpatrick said Monday at a Heritage Foundation luncheon, "and that it is a direct reflection of what I see as a persisting U.S. ineptitude in international relations."

Her comments, bound to move her deeper into controversy with her government, were made after a bungled vote at the United Nations and a continuing dispute between her and Secretary of State Alexander M. Haig Jr.

Last week, Mr. Haig decided to have Mrs. Kirkpatrick abstain from a UN vote opposed by Bri-

tain that called for a cease-fire in the Falklands, but his instructions arrived only after she had voted with Britain. The lapse in communications emphasized the fact that Mr. Haig and Mrs. Kirkpatrick are barely on speaking terms.

#### Haig's Response

[Mr. Haig said he would not comment on Mrs. Kirkpatrick's statement until he had studied it, Reuters reported from London, where Mr. Haig is staying with President Reagan on his European tour. He said, however, that he considered U.S. foreign policy to be at times "even brilliant" and at times "rather stupid."]

The White House and the State Department had no comment on Mrs. Kirkpatrick's statement.

Mrs. Kirkpatrick told the luncheon audience that the United States has been losing its influence

around the world for decades, especially at the United Nations.

"We have not been good at the politics of the United Nations," she said, adding that the United States has not understood the peace organization's functions.

"We simply have behaved like a bunch of amateurs," Mrs. Kirkpatrick said. She called for the United States to act as "political professionals, with a clear-cut conception of our purposes and of the political areas in which we operate."

She said that "the Soviets, the Asian states, the Syrians, the PLO — and now recently the British — exercise influence in that body which we cannot even hope to approximate."

The United States has not been able to put together "winning combinations" on issues, Mrs. Kirkpatrick said. "We have been virtually paralyzed in the United Nations for a long time, for over a decade."

She said that from 1965 to 1967, when many Third World nations gained independence and joined the organization, the United States slipped into ineffectiveness. "The United States should be the last country in the world to have problems with decolonization," since it always has "supported national aspirations."

One solution to the U.S. decline in influence might be to have permanent representatives to the United Nations "who stay long enough to know the scene," she said.

## Zimbabwe to Get EEC Aid

*The Associated Press*

BRUSSELS — The European Economic Community on Tuesday granted \$1 million in special aid to Zimbabwe, where drought has cut food production to 46 percent below last year.



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# Herald Tribune

Published With The New York Times and The Washington Post

## And After the Next Hill?

Probably the Israeli invaders of Lebanon will soon accomplish their declared purpose of removing Palestinian artillery from the border zone. A Syrian decision to join the war could spoil this prospect, but otherwise superior Israeli power will tell Israel will then be faced with the question that sooner or later has soured its every victory: How can military coin be exchanged for peace?

In this case the answer is easy. Israel is relieving the sort of border threat that no nation with the choice would abide. It is doing so, regrettably, not only by striking PLO forces but also by dealing death and injury to a great many Lebanese and Palestinian civilians who found themselves in the way of the war. Yet if the past is any precedent, PLO guns will be back in action firing at the Israelis from the next hill — there is always a next hill. No Lebanese government structure exists to expel the forces — Palestinian and Syrian as well as Lebanese — which mock Lebanon's sovereignty. It still seems too optimistic to assume that the rising disgust of many Lebanese with the Syrians and the PLO can provide an opening for a new political combination.

In this dismal context, the Security Council's resolution may offer at least a flimsy basis for restoring superficial calm. (And don't dismiss superficial calm. It is preferable to deepening violence.) The council has

demanded 1) that Israel withdraw at once and "unconditionally," and 2) that "all parties" halt "immediately and simultaneously all military actions within Lebanon and across the Lebanese-Israeli border." In brief, both parties have responsibilities. The task of diplomacy is to sort them out.

Nothing that happens in Lebanon, however, is going to put Lebanon back together again. Its distress arises in good measure from the Israeli-Palestinian conflict, which arises in turn from the two parties' failure to respect each other's claims to nationhood. At Camp David, Israel promised to enter a process in which Palestinians could bring to a table their claims to a West Bank-Gaza state. Tragically, the PLO decided not to test that process. Equally tragically, the Begin government has sought to ensure that no Palestinians of substance would change their mind.

Israel's determination to police its northern border cannot be faulted, at least in theory, and certainly not by those who urge Israel to take the risks that "full autonomy" on the West Bank would entail. But its apparent repudiation of its Camp David pledge to consider changes on its eastern border is unforgivable. That brings everyone back to Camp David — frail, but the only existing or conceivable common ground, Israel's best hope, and the Palestinians' — and Lebanon's.

THE WASHINGTON POST.

## Long Spanish Sentences

A Spanish military court has sent a salutary message to any coup-minded officers by giving 30-year sentences to the two principal leaders of last year's brazen seizure of the Cortes. The toughness of those sentences should offset the conspicuously lighter punishment for lesser conspirators. In any case, the government is appealing some of these sentences of six years or less.

The plotters tried to use their trial to galvanize support among the hard, lunatic right in the country's overgrown armed forces. But instead of weakening Spain's re-

born democracy, the chief conspirators wound up doing the opposite. Fittingly, the court handed down its firm sentences in the same week that Spain formally joined NATO, a step that required the unanimous approval of other Atlantic democracies.

If the 1981 coup had succeeded, Spain would not be in NATO, a point that ought to sink in among any Spanish officers inclined to shrug off treason as a mere caper. And when a general is put away for 30 years, it takes the fun out of coups.

THE NEW YORK TIMES.

## LETTERS TO THE EDITOR

### Malvinas ...

I write as an Englishman and dismayed spectator of events in the South Atlantic. Britain has tantalized Argentina with 17 years of fruitless negotiations. Now my government has embarked upon massive, vengeful military action that no interpretation of UN Resolution 502 can justify. The expedition is a brutal warning to developing nations to "keep their place."

Those who speak in terms of crusading for democracy should examine the Falkland Islands Arms Ordinance, a piece of discriminatory legislation that should not be permitted in the democratic West.

The United States should disengage and leave Britain to the consequences of her outdated folly, which I fear would never have been undertaken without the secret confidence of U.S. support.

F. DRAPER.

One of the most civilized and educated of nations is being disgraced worldwide by a murderous, haughty junta. Margaret Thatcher should bring the brave young men home immediately.

MARY CLARK.

The total support given by the United States to Britain in this conflict is the gravest U.S. error since the Yalta accords and a fine gift to the Soviet Union.

YVES DOUCET.

Clamart, France.

Readers have been expressing concern for the fate of the Falklanders in the hypothetical event of final reincorporation of the islands into Argentina. A presumably neutral French observer — Olivier Rolin, in the May 8 issue of the weekly *Le Nouvel Observateur* — had this to say:

"Argentina may have all the faults in the world, but it constitutes a mosaic of peoples who conserve their traditions and it cannot be accused of being assimilationist. One fails to see why the Kelpers could not endure very well the Welsh of Patagonia or the 'Anglos' of Buenos Aires — who have now taken the side of their adoptive country."

MARCEL BERTHOLDS.

Basel, Switzerland.

In response to David Wingeate Pike (Letters, May 6), the writer shares the point of view of the British government that the Falklands dispute is between a democracy and a dictatorship. This is a sophism. It is necessary to separate the two different aspects: internal politics and international relationships. It is first of all a fight for sovereignty. On one side

there is the old British Empire, with its sordid and bloody history, and on the other a nation which, since the first British invasion in 1806, is determined to maintain its sovereignty.

The police state," as the writer calls the military regime, was the only solution to end many years of leftist terrorism. Unfortunately, a lot of innocent victims of terrorism are completely forgotten.

The British community in Argentina numbers about 100,000. If the political situation were so oppressive, how does the writer explain that only a handful of people responded to the warning from Britain to leave the country? CRISTINA RISTORTO.

Rome.

### Falklands ...

William Safire ("Rival Political Living Caps," IHT, May 17) defines "irredentism" in geographical terms, when it is really a cultural concept. The word refers to the desire of one culture to unite with its members located in another political or cultural entity.

"Irredentism," rather than "irredentism," is the word to describe Argentina's motivations in the Falklands.

CHRISTINE SAPIELA.

London.

### ... and Such

As we observe the development of the Falkland crisis, we naturally hope the outcome will be one of peace and goodwill, allowing a sense of reason to prevail. Not wishing to detract from this concern for peace, however, we may ask: If we show so much concern in asking the United Nations to mediate to bring peace to the Falklands, why is the same motivation to bring peace to the borders of Iran and Iraq absent?

NEIL CARMODY.

Limerick, Ireland.

Juan Ferreira gives every impression of being an honorable man. Let him then stand by an honorable principle — majority rule. He wishes to see this principle established in his own country, Uruguay. I wish him every success in his efforts to that end. Will he not wish the same to the people of the Malvinas?

STUART LENNOX.

"Save face" for Argentina in the Falklands war? It may be noted that Germany and Japan suffered humiliating defeats, but that changes brought about by those defeats (rejection of militarism, adoption of democratic institutions, economic renewal) demonstrate that positive responses are possible, sometimes even caused by the worse situations.

Argentina has suffered a long decadent period during which the nation has not responded positively for sovereignty. On one side

Join the club, amigo.

London.

AL HIX.

## June 9: From Our Pages of 75 and 50 Years Ago

### 1907: The Kaiser's New Germany

PARIS — Mr. William H. Wyman, a prominent engineer of Chelsea, Mass., has just arrived here after a three months' tour of observation in Germany. "You read a lot in the papers about American enterprise," said Mr. Wyman, "but it is my belief that if Kaiser Wilhelm were an American he would be the greatest millionaire of his day, even in the United States. Aggressive, up-to-date, thorough, he is modern Germany. His personality is the dominating personality. You feel this all the time and wherever you go. And I think this is the honest belief of all Germans, too." Mr. Wyman, by the way, thinks that French engineering skill is second to none.

### 1932: War Debts Split Allies

WASHINGTON — With the Lausanne conference for readjustment of reparations a week away, the State Department has without equivocation affirmed its position against any debt to the United States, regardless of the extent of reparations may be reduced at Lausanne. The statement, interpreted in plain terms, carried the attitude that if Great Britain, France and other allies want to cancel reparations at Lausanne without corresponding action on the part of the United States, Washington is not interested and continues to view the entire reparation question as a problem to be dealt with solely by the European governments.

## When Computers Launch the Missiles

By Arthur Macy Cox

**WASHINGTON** — It is good that President Reagan has decided to talk with the Russians about strategic nuclear weapons, but the manner in which he is going about it reveals that he does not yet grasp the extraordinary peril for America and the world if the nuclear arms race is permitted to continue.

The peril is that nuclear weapons technology is rapidly advancing to a point where it can no longer be controlled by man. The prospect is that decisions about whether to launch nuclear weapons will soon be made by computers.

Neither the Soviet Union nor the United States has any intention of launching a nuclear attack, but if both sides deploy the next round of nuclear weapons, the risk of war by accident will increase from possible to probable.

Most of the new nuclear weapons will have a capability for a first strike because they can reach their targets with such speed, accuracy and power. When they are deployed, both sides will be on hair-trigger alert, especially at times of political crisis. These weapons will be able to destroy command, control and communications systems both human and mechanical.

All those systems are vulnerable and subject to error. The United States in 1979 and 1980 had three nuclear-war alerts caused by false alarms from computer error. Fortunately for the planet, we could survive such false alarms because there was time to ascertain the error before a command to launch was given. In the future there will not be time.

In June 1980, Fred C. Ikle, who is now Undersecretary of defense for policy, wrote an article in The Washington Post entitled "The

Growing Risk of War by Accident." He said:

"The more we rely on launch on warnings (or, for that matter, the more the Soviets do) the greater the risk of accidental nuclear war ... The crux of the matter is that the more important it becomes to launch on warning, the more dangerous it will be. The tightening noose around our neck is the requirement for speed. The more certain one wants to be that our missile forces (or Soviet missile forces) could be launched within minutes and under all circumstances, the more one has to practice the system and to loosen the safeguards."

Former Secretary of Defense Harold Brown, in an interview with The Wall Street Journal in July 1980, confirmed the swift risk of a policy of launch on warning, which means that they depend on launch under attack is a bad idea ... We ought not to let computers make the decision as to when we go to war."

Nevertheless, in the CBS television documentary "The Defense of the United States," the following exchange took place between Dan Rather and Secretary of Defense Caspar W. Weinberger. Rather said: "But your basic recommendation is that we must be prepared — we must at least be prepared to do a launch under attack." Weinberger replied: "It gives undue emphasis to single out any particular kind of option and say that is the one we're considering. We're considering them all. We aren't eliminating anything."

Georgi Arbatov, Moscow's America-watcher, says that if Soviet weapon systems become

vulnerable, "there is always a counter measure: launch on warning and under attack."

The United States intends to deploy Pershing-2 ballistic missiles in West Germany early in 1984. They will be capable of destroying Soviet command, control and communications systems after a six-minute flight. When those missiles are deployed, the United States will have forced the Russians into a corner.

They will almost certainly adopt a policy of launch on warning, which means that they launch missiles on first warning of attack rather than risk having their command centers destroyed. Since no human decision-making system can be responsive in six minutes, the Russians will have to rely on computers. Their computers are not as advanced as America's, and America's make mistakes.

President Reagan does not seem to understand the risk of accidental nuclear war. He is still indulging in propaganda ploys trying to persuade American and European opinion that he is eager for serious negotiations, while at the same time moving ahead with the development of first-strike weapons.

Reagan's approach reflects insufficient awareness of the urgent need for reversing the nuclear arms race. He says: "The monumental task of reducing our strategic forces to enhance stability will take many years of concentrated effort." That will be too late. The first-strike weapons will all be in place by then.

The writer is author of "Russian Roulette: The Superpower Game." He contributed this comment to The New York Times.

## The Party Summons Andropov

By Leopold Unger

**B**RUSSELS — The appointment of Yuri Andropov, a Politburo member, as one of five Central Committee secretaries — along with Leonid Brezhnev, Konstantin Chernenko, Andrei Kirilenko and Mikhail Gorbachev, all also members of the 13-man Politburo — means more than the mere filling of a vacancy left by the death in January of Mikhail Suslov.

Andropov replaces the man who was the regime's second most influential figure after Brezhnev. While Suslov preferred to work in the background, the signs are that Andropov aims for the top job.

This is the first time since the era of Lavrenti Beria, Stalin's henchman, that a chief of the secret service has been named to a top political post. The West greeted Andropov's promotion with surprise, since it had appeared that Brezhnev had picked Chernenko as his successor; and Andropov's background as a policeman seemed to weigh against him. But Andropov's police background was undoubtedly an important factor in his promotion.

This promotion is probably the most important personnel shift in the Soviet Union since 1964, when Brezhnev engineered the ouster of Khrushchev.

The composition of the party's Politburo and Secretariat — which hold all levers of power, controlling the 22 departments of the Central Committee, which in turn have the final say over ministries and at all levels of the administration — reflects the balance of power among the various interest groups, including the party, the army and the police. That balance of power is fragile not only at the top but also at the lower echelons, where each of the principal leaders has his clientele in every sphere of authority.

Until recently, Brezhnev has hesitated to change any pillar of his platform of power lest the whole structure totter, but the death of Suslov, who thus had to be replaced, set off a chain reaction. The appointment of Andropov appears to be aimed at preventing that chain reaction from taking place spontaneously.

As police chief, Andropov decimated the opposition, decapitated the dissident movements and crushed the nationalist aspirations of minorities that oppose Russification. He is the man behind the 1956 repression in Hungary.

The police apparatus is central to Soviet decision-making. Andropov was always with Brezhnev during the latter's meetings with Gen. Wojciech Jaruzelski just before the military coup in Poland.

It could be expected that Andropov would not relinquish control over the prime instrument of power in the country. The nomination of Gen. Vitali Fedorchuk, the former head of the KGB in the Ukraine, to replace him indicates that he has given up nothing. Gen. Fedorchuk was named to Kiev by Andropov and served him in the Ukraine for 12 years.

Ahead, Andropov has the curiously reputation of being a liberal, a reformer, a "gentleman of the KGB." But to those things in the Soviet Union, a KGB chief has only to prefer selective terror to mass deportation, the gulag and summary execution.

For 15 years this "liberal" has supported the Brezhnev line, eliminating all veritable reformers. Thus was Andropov called upon to assure the survival of the system and arbitrate in the struggle for power that is certain to take place after Brezhnev leaves the scene.

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## Or a Time to Bang the Table?

By William F. Buckley Jr.

**N**EW YORK — During the late 1950s, when Khrushchev came to Washington for the first time as a guest of President Eisenhower and later to the United Nations, ambivalence about the U.S. invitation was widespread. The AFL-CIO, for instance, denounced the proffered hospitality as an affront to the working man enslaved under communism.

Late in 1956, in reaction to the suppression of the Hungarian freedom fighters, National Review had circulated a document called "The Hungary Pledge," signatures of which were bound to suspect any social, economic or cultural dealings with the Soviet Union until freedom was granted. This call for a moral boycott attracted signs of varying political faiths.

America was tense on the morning that Khrushchev — aboard the *Baltika*, on which he had set sail from Le Havre — was due to arrive in the East River. James Bamford, philosopher and strategist, had come up with an idea at a meeting of a small group assembled to file a dissenting, if not unanimous, public point.

Why not hire a skywriting airplane to begin a flight in Boston and travel all the way to Washington, only instead of emitting huge "Drink Coca-Cola" messages, the plane would write, in leaden lettering in the skies, "Khrushchev is a liar." When society threatens to become lost in convolution, there is no substitute for a simple declarative Anglo-Saxon sentence.

In the strategic session at which this proposal was born, I came through with the idea of using dye-marker. This is a chemical concentrate used by yachtsmen and stored as an appendage to life preservers. If a man goes overboard wearing the life preserver,

Soviet Union that "lying and cheating" was its way. All kinds of anonymous diplomats are being quoted, from European capitals and from diplomatic bunkers in Washington, to the effect that President Reagan is now thoroughly sanitized from all those vulgarities to which he was once given.

One has the feeling that diplomacy would collapse if President Reagan were to announce that we were proceeding to put Poland in default and to file with the Security Council charges against the Soviet Union for violating the Biological Weapons Convention in Afghanistan and Laos; that America would resume strategic disarmament talks after Brezhnev stopped lying and cheating about Sats 1 and 2; that President Reagan could always be reached at the White House, where he would seriously welcome any serious efforts by the Soviet Union to engage in international cooperation.

Why is it that only Khrushchev can take off his shoe and pound the table for attention?

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## Herald Tribune

John Hay Whitney (1904-1982)



Tomisaburo Hashimoto leaving a Tokyo court after sentencing.

## 2 Sentenced in Japan In Lockheed Scandal

By Tracy Dahlby

Washington Post Service

TOKYO — A Tokyo district court on Tuesday handed down suspended prison sentences for two veteran Japanese politicians as punishment for their role in the six-year-old Lockheed bribery scandal.

This was the first ruling involving national political figures in the Lockheed affair and is widely interpreted as a sharp blow to the former premier, Kakuei Tanaka, and his vast political influence. Mr. Tanaka still faces a verdict in his trial on charges of accepting a \$2.1-million bribe for allegedly using his influence to promote the sale of Japan's Lockheed TriStar passenger jets.

The judge found Tomisaburo Hashimoto, 81, a former minister of transport, and Takayuki Sato, 54, a member of parliament from the ruling Liberal Democratic Party, guilty on charges of having accepted a total of \$30,000 in bribes from All-Nippon Airways, Japan's largest domestic airline, in return for political favors.

The money allegedly was handed over to the two men by executives of Marubeni, the Japanese

Soviet Sub Seen off France

United Press International

BREST, France — The French Navy said Tuesday a Soviet submarine passed Monday through international waters in the north of the Bay of Biscay where French, Dutch, and British fleets are engaged in war games.

trading company that acted as Lockheed's agent for aircraft sales in Japan.

Mr. Hashimoto, a close political ally of Mr. Tanaka, was sentenced to 2½ years in prison and Mr. Sato to a jail term of two years, but the terms were suspended pending a three-year probation.

Prosecutors alleged that the two, both veteran Liberal Democrats appointed to key political posts in the Transport Ministry in the early 1970s, used their influence to stall government approval of plans by Japan Air Lines, an All-Nippon Airways rival, to introduce wide-body jets on its domestic routes.

The delay, prosecutors said, gave All-Nippon some breathing space for fleet expansion, and the subsequent purchase of 18 Lockheed TriStar jets for that purpose.

"Gray Officials"

Prosecutors also linked current Liberal Democratic Party Secretary-General Susumu Nikaido and three other prominent party members to alleged All-Nippon payoffs. These "gray officials," seven in all, allegedly netted \$125,000 for influence-peddling on All-Nippon's behalf.

A guilty verdict against Mr. Tanaka could force him from national politics and have an destabilizing effect on the Liberal Democrats, who are actually conservative despite the name and have been in power in Japan for the past 27 years.

The air of expectation surrounding Tuesday's rulings overshadowed Premier Zenko Suzuki's participation in the Versailles economic summit and his tour of the United States this week.

## Church, Intellectuals Begin to Ally in Poland

*Their Link, Forged by Solidarity, Seems More Practical Than Ideological*

By Henry Kamm  
New York Times Service

WARSAW — In these days of martial law, when Poles find little to give them cheer, one positive development has been the emergence of an alliance between the Catholic Church and the intelligentsia, according to intellectuals.

Because of the restrictions on political life in the Communist world, the cultural milieu, more than in Western countries, makes up for the absence of an open exchange of political ideas by funneling a measure of nonorthodoxy into publication.

From the late 1950s through the mid-1960s and again in the 1970s, Poland's theater and films treated subjects drawn from real life with a minimum of smile-evea-if-it-hurts optimism that is required by Socialist realism, the Communist approach to culture. Music and graphic and plastic arts went their own way and Polish writers, by constantly pushing at the borders of the permissible, carved out for themselves a considerable area of literary freedom.

At the same time — and this was the rarest of luxuries in Eastern Europe — any Pole could visit a church and hear more or less open opposition speeches from the pulpit of this fervently Catholic country.

### Separate Circles

But these two areas of relative freedom lived in separate circles. The church was a body of orthodoxy in which Archbishop Karol Wojtyla of Krakow, a man of rigorous doctrine, as he is proving as Pope John Paul II, was representative of the more liberal wing. It distrusted the liberal intellectuals and artists, both for their work and their unconventional way of life.

The artists, on the other hand, regarded the church as most artists in the Western world did as an outdated bastion of conservatism, uncomprehending of and unsympathetic to a world that appeared to have outstripped its values.

In the mid-1960s it was customary among intellectuals and artists to scoff at Wladyslaw Gomulka, the Communist Party leader, and Cardinal Stefan Wyszyński, the primate of the church, as dogmatic

and stubborn and narrow-minded equivalents.

Relatively few intellectuals went to church and hardly any listened to accounts of anti-government sermons by the cardinal or critical pastoral letters by the episcopate, which Poles without intellectual pretensions accepted as gospel. At the same time, criticism from intellectuals, in letters or elaborate tales or poems circulating only among them or in private protest to a party organization, were the subject of keen discussion.

### Stifling Banality

Poles now note that the Solidarity trade union movement served as a meeting place of the two worlds, with Lech Wałęsa and the rest of the churchgoing union leadership consulting with both and serving as a bridge. Solidarity has been driven underground, but has not lost its functions as an important focus of opposition.

Martial law has condemned cultural and intellectual life to stifling banality, and this milieu for the time being cannot play the open role it did in earlier decades. But the church remains what it has al-

ways been, the most vital organized force and, since the imposition of martial law and the stanching of the aspirations for freedom, more than before the organization to which Poles turn to show their way.

The presence of a Polish pope as a voice to the world of his people's aspirations is as much valued by secular intellectuals as it is by churchgoers. From the beginning, churches have served as the focus of news from the internment camps and of relief and liberation efforts for political prisoners.

Today, famous figures from cultural life can be seen not only at mass but also visiting sanctuaries, which have become centers of exchange of political information and discussion.

There are rumors that Solidarity leaders who escaped arrest and have gone underground are being sheltered in church institutions.

Churchmen assert that their new attention paid to the church by intellectuals is a result of a need for consolation and faith. Few intellectuals appear to agree; rather, they see the church as a potent ally in the struggle against martial law.

## U.S. Blocks Moscow Trip Of Ace Chess Computer

From Agency Dispatches

WASHINGTON — Intent on stopping the outflow of sensitive technology, the U.S. Customs Service has blocked shipment to the Soviet Union of a machine called Bell, the world-champion of computer chess.

Belle won the 1980 at the most recent world computer chess championship tournament, in Linz, Austria. The Commerce Department said the computer might be of military use.

Kenneth Thompson, the frustrated scientist who wanted to take it to a Moscow chess exhibition, said: "The thing plays chess. That's all." He added that the only way it could be used militarily would be to drop it out of an airplane; you might kill somebody" if it hit them.

The Commerce Department would not comment on why a chess computer could be considered militarily sensitive, but returned it to ATT Bell Labs, where it was created, after a \$600 fine had been paid.

The seizure is part of Operation Exodus, a major new program to halt what government officials have called a "hemorrhage" of the nation's best technology to the Soviet Union and its allies.

## Kenneth Rexroth, 76, Poet and Painter, Dies

The Associated Press

SANTA BARBARA, Calif. —

Kenneth Rexroth, 76, a poet, critic, painter and precursor of the Beat Generation died of a heart ailment Sunday.

Mr. Rexroth was said to have served as a model for the Beat Generation because of his life and his verse. He gave poetry readings to jazz accompaniment in clubs in San Francisco and New York's Greenwich Village.

He won numerous awards for his work as a poet, artist and critic. Among them were the William Carlos Williams award, the National Academy Award and the Eunice Tietjens award. He also was an Amy Lowell and Guggenheim fellow.

He had exhibited his paintings at one-man shows throughout the United States and in Paris and had studied at the New School, the Arts Student League and the Art Institute in Chicago.

A native of South Bend, Ind., Mr. Rexroth wrote poems, plays, essays and histories as well as an autobiographical novel.

Ferdinand W. Demara Jr.

ANAHEIM, Calif. (AP) — Ferdinand Waldo Demara Jr., 60, "The Great Impostor" who spent much of his life pretending to be somebody else, died Monday after a heart attack at West Anaheim Community Hospital.

At various times during his life, Mr. Demara lived as a Trappist monk, a doctor of psychology, a dean of the school of philosophy at a small college in Pennsylvania, a law student, a zoology graduate, a career researcher, a teacher at a junior college in Maine, a surgeon in the Royal Canadian Navy, an assistant warden at a Texas prison and a teacher in a Maine village.

His exploits led to charges against him for fraud, forgery, theft, embezzlement, resisting arrest, vagrancy and public drunkenness.

He was the subject of a best-selling book, and in 1960, Tony Curtis played him in the movie "The Great Impostor."

Zurab Pataridze

MOSCOW (Reuters) — Zurab Pataridze, 53, premier of the Soviet Republic of Georgia since 1975, was killed in a car accident Saturday, Tass reported Tuesday.

## 12 Die, 13 Hurt in Raid On Philippine Village

The Associated Press

MANILA — About 35 men armed with knives raided a Philippine village last week, killing 12 persons and wounding 13, the Defense Ministry said Tuesday. The motive for the attack was not clear, the ministry said.

A sketchy military report said the incident occurred June 2 during the crowning of a local beauty queen in Catacuan, about 300 miles (480 kilometers) southeast of Manila.

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## ARTS/LEISURE

# A Stravinsky Tribute, Made to Order

By John Corry  
New York Times Service

**N**EW YORK — Arguably, Igor Stravinsky was this century's greatest composer. Demonstrably, George Balanchine is its greatest choreographer. Therefore, the New York City Ballet will offer the Stravinsky Centennial Celebration, largely dedicated to the fruits of their collaboration. It starts Thursday at the New York State Theater and ends June 18, 100 years to the day after Stravinsky was born in Oranienbaum, Russia, in 1882. Most authorities give his birth date as June 17; Balanchine, however, knows better.

The celebration will include 11 new ballets, 13 ballets from the NYCB repertory, two revivals, plus incidents — the blue flag with Orpheus' lyre, for example, which now flaps at Lincoln Center as the centennial symbol. Everything will be informed by history; everything will be idiosyncratic. In a way, Stravinsky was the City Ballet's house composer.

"Stravinsky was the spine — moral, artistic, even physical — of almost everything that Balanchine has done since he came to America," said Lincoln Kirstein, the general director of the City Ballet. "Stravinsky loved to compose on paper. He was a plumber. He'd say, 'How long should the music be, and how much do I get paid for it?' And he was right. Those are the only two things that matter."

But of course, and Balanchine is a plumber, too, even if he is careless about money. Stravinsky denied that music was a matter of conceptual thinking; he said you just sit down and write it. He also said the word "genius" gave him a pain. Balanchine says the word gives him a pain, too. Stravinsky said that music existed for itself, beyond the meaning of words. Balanchine created plotless ballets, dance for the sake of dance. Stravinsky said he wanted his music to be "executed," not "interpreted." Balanchine hates interpretation, or at least too much interpretation, the way men hate sin.

Stravinsky said that music was "order, measure, proportion — that is, all those principles that oppose disorder." Balanchine lives by this as an aesthetic for dance; Kirstein, in fact, would face cold steel in its support. It is why the City Ballet is so full of plumbers, with perspiration and exigencies demanding equal time with muzes.

For the Stravinsky rehearsals, six choreographers — Balanchine, Jerome Robbins, John Taras, Jacques d'Amboise, Peter Martins and Lew Christensen — had to choose dancers, rehearsal space and time, while allowing for union rules, illnesses and injuries. Meanwhile, the company was giving its regular performances at night. "I take less time," Balanchine said. "I take what's left over." A plumber. Ten days before the celebration was to begin, Balanchine still had not begun work in the studio on two of his premières — "Persephone" and "The Flood."

Around him, however, people did work, each in his own way. "No one else has the courage to do nine days of Stravinsky," said Taras, who is choreographing "Concerto For Piano and Winds." "If it weren't for us, half the works here would never be heard. There isn't one great orchestra, or one great conductor, who would do this kind of thing. But we've proved that with Stravinsky you can fill the house. Yes, Stravinsky is demanding. But the music has a wonderful pulse. The rhythms are interesting. The changes in tempo, you try to cope with that."

"So many notes before the rhythm gets going," Martins said. He was in a studio, choreographing "Concerto For Two Solo Pianos," which will have its premiere Sunday. Five months ago he got the tapes to the music; two months ago he started to analyze it; one month ago he took to the studio. At the moment, he was working out a serpentine entwining for Heather Watts. Martins wanted Jock Soto, Watts's partner, to hold her high above him. Then she was to work her way down his body, more or less as if she were a corkscrew. Watts looked doubtful; she seemed to have a migraine.

"It's itchy," she said. "When I do that, I pull away from my partner."

Martins looked pained. He began to dance what he thought Watts should do.

"Maybe," he said. "I don't know — if you slide down — if you can get this position."

Watts watched Martins, then watched his image in the mirror.

"It's not pretty," Martins said, "but it's not supposed to be." He had Watts corkscrew down Soto with her back to his front. It worked. She no longer pulled away from him. She smiled. Choreography is made of many small decisions like that.

The next day, Martins worked with Darii Kistler on "Piano-Rag-Music." Its count was complicated, demanding many steps and no sustained piano. Kistler had to be plastic and perky.

"You get so eager, you start to anticipate," Martins said.

"You're confusing me," Kistler said.

"Would you like me to leave?" Martins said sharply.

Kistler giggled. Martins gave up looking sharp, and showed Kistler what he wanted her to do: She was to stand on pointe, supported by four boys who would then lower her to the floor and immediately raise her up, not fully upright, but tilted, whereupon, supported by the four boys, she would walk in a circle. "Imagine you all want her," Martins said to the boys. Then Kistler was to leap out of the circle, right leg high in the air. Three times she tried it; three times something infinitesimal went wrong. Even Kistler's smile faded. The fourth time it went right.

"Thank you," Martins said.

"Thank you," Kistler replied. She sat down, took off her shoe and put a Band-Aid on one of her toes. There was another Band-Aid on the toe next to it. Kistler is an ingenue, and a bit of a plumber, too.

After Martins and Kistler left the studio, teen-age students from the School of American Ballet came in. D'Amboise was to rehearse them in a scene from "The Flood." He has choreographed two new ballets for



Balanchine and Stravinsky at 1957 "Agon" rehearsal.

the celebration, "Serenade de La" and "Pastorale"; he also has the distinction of having had Balanchine create more roles for him than for any other dancer.

In 1962, when "The Flood" was done as a CBS television production ("It was awful," Balanchine says), d'Amboise danced the roles of Lucifer and Adam, so he remembered the tricky business of how a black plastic sheet was unrolled to look like a billowing sea. In the studio, he instructed the students on the unrolling.

Meanwhile, downstairs, David Richardson was working with 21 little girls, students at the School of American Ballet, ages 8 to 10. Richardson has rehearsed squads of Debby, Lisas and Jennifer, for "Nutcrackers," "Midsummer Night's Dreams" and "Mag Flutes." Sometimes they prance through his head at night, depriving him of sleep.

This time he was rehearsing the little girls for "Circus Polka," a ballet by Robbins. Their mothers waited outside in a hallway. It was a good thing. The little girls were so adorable, taking tiny steps, miming trumpets and drums. They were so adorable, their mothers would have died, their fathers would have cried.

"You guys are boring me to death," Richardson said to the little girls. "You guys aren't putting any energy into it at all. The look on your faces is too vacant."

Think of Richardson as passing the torch. Passing the torch, especially with the Stravinsky Centennial Celebration, is also what the City Ballet is about. When Stravinsky was a boy he saw Tchaikovsky, Tchaikovsky had Petipa, Stravinsky had Balanchine. They would change the appearance of dance; they would change the appearance of dancers. The little girls didn't know it, but they were becoming heirs to a tradition.

By now, upstairs, Balanchine is stepping into a studio, ready for his first rehearsal of "Persephone." It is a solemn moment, a magic moment, a moment not to be taken lightly. In an electric blue cowboy shirt, Balanchine is the least godlike of men, but there is all that tradition, and all that accomplishment, and by everyone's reckoning he is a genius. Whether he likes the word or not.

"And now," he says, motioning the dancers to begin. In their midst, an older woman moves gracefully. "Persephone" has a text by André Gide; she is to speak its words. Her charm is apparent; her ease with Balanchine is apparent, too. She is Vera Zorina, who was his third wife, and languidly she walks up to the great man and puts him on the cheek. It is very reassuring. Panassus doesn't crack.

# 'Annie': In Praise of Waste Space

By Vincent Canby  
New York Times Service

**N**EW YORK — Somewhere toward the middle of "Annie," John Huston's gigantic screen version of the still-running Broadway musical, Sandy, Annie, Daddy Warbucks, Daddy's beautiful secretary Grace Farrell, and Punjab, Daddy's bodyguard, take themselves off to see a movie at Radio City Music Hall. This is the era of FDR, the Depression, the National Industrial Recovery Act, orphan asylums and the Music Hall. Daddy, as is his way, does things right. He buys out the house for one performance.

There, in louche splendor in the middle of that vast gold auditorium, Sandy, Annie, Daddy and Grace sit in a row, with Punjab behind them, beholding the Music Hall's wonders. First there is the elaborate stage show, including the Rockettes, followed by the feature attraction, Greta Garbo and Robert Taylor in "Camille," projected, for some reason, in the wide-screen ratio of today.

After being held spellbound by the stage show, Annie and Sandy fall asleep as soon as the movie begins. Daddy Warbucks generously hides his boredom and worries about Grace, who weeps happy bucketsfull as Taylor's Armand is renounced by the great Garbo's Marguerite.

"No one has ever loved you as I love you," says Taylor with all of the conviction of a Nebraska shoe salesman.

"That may be," says Garbo, sulking even when acting by herself, "but what can I do about it?"

Popular, Not Classic

It's a marvelous moving and very funny moment that suddenly defines this "Annie." It makes comprehensible what Huston the director, Ray Stark the producer and Carol Sobieski the writer are up to in their spending of a reported \$40 million to \$50 million to bring to the screen an immensely popular but not exactly classic example of Broadway schmaltz and hokey.

"Annie" is a no-expense-spared tribute to the Music Hall and the kind of show business it represents. Though it's longer than most movies that played the Music Hall in its heyday, "Annie" is easily perfect Music Hall picture. It's big, colorful, slightly vulgar, occasionally boring and full of talent not always used to its limits. It's a movie in praise of waste space.

If I say that I like the film far



Aileen Quinn as Annie with Albert Finney as Daddy Warbucks.

better than the show, I must concede that the show is the sort that almost brought me out in hives. Except for the spectacle of seeing a dog follow cues before a live theater audience, and except for David Mitchell's stunning Tony Award-winning sets, everything about the film is an improvement over the original.

There is, first of all, the Annie of Aileen Quinn, who has Shirley Temple's dimples and a strutting, brassy self-assurance that Huston holds discreetly in check. Quinn is a performing doll, cut out of life but out of the long tradition of show business that produced Baby LeRoy, Jackie Cooper and Margaret O'Brien. It's meant as praise to say that Quinn, compared to such contemporaries as Gary Coleman and Ricky Schroder, is a sweet, modest Duse, a mistress of understatement.

Albert Finney, with his head shaved and looking a lot like a clasy Telly Savalas, seems to be having a ball as literature's most benign baron, Oliver Warbucks, whose very name is autocraticism that, as it turns out, is unwarranted. Finney sings a bit, dances a bit and barks in the Anglo-American accents of the once-poor Liverpool cabin boy who

struck it rich in the States and lost his hair. "I love money!" he shouts at one point. "I love power! I love capitalism! I don't love children!" This is pronounced immediately before he admits to being captivated by the plucky little orphan.

Also most entertaining is Carol Burnett as the evil, sex-starved, drink-sodden Miss Hannigan, the wayward warden of the Hudson Street Home for Girls, the orphan asylum from which Daddy Warbucks saves Annie. Burnett, curlers permanently snarled in her hair, a bottle of gin always in one hand and ever-ready with a sarcastic quip about her charges ("Why any kid would want to be an orphan is beyond me"), tears into her role as "Tomorrow," which becomes something of a New Deal anthem.

The film musical is not the form

Huston is most at home in, but he must be credited for having obtained such high-spirited performances from Finney and Burnett and such a canny winning one from Quinn.

"Annie" is far from a great film

bot, like the Music Hall in the

good old days, it is immaculately maintained and almost knocks itself out trying to give the audience its money's worth. They don't build movies like this anymore.

their anticlimactic or plain dull, though, in the film, the ubiquitous "Tomorrow" seems less still and grating than in the show.

Here is a musical whose show-stoppers seldom stop the show. A typical example is "Easy Street," in which Miss Hannigan, her ex-con brother Rooster (Tim Curry) and Rooster's light-fingered mistress Lily (Bernadette Peters) enthusiastically imagine the lives they'll lead after they've swindled Daddy Warbucks out of \$50,000. Never do the music, the lyrics and the choreography achieve the hilarious abandon promised by the situation.

## Asset Unused

This is even more apparent when Annie moves uptown to Daddy's Fifth Avenue mansion and Ann Reinking, who plays Grace Farrell, come onto the scene. Reinking is not only a beauty and a comedienne, she's one of the great dancing assets of the musical theater, though it would be difficult to tell from the material she's given by Joe Layton, who created the musical sequences, and Arlene Phillips, who choreographed them. She seems always to be on the verge of bursting loose — lifting those long legs skyward to kick out the lights — but the opportunity never arrives.

She is largely wasted, as are Curry, Peters and Geoffrey Holder, who plays Punjeh.

The film's best, all-out production number comes early in the film, at the orphanage, when Annie, her very funny, pint-sized friend Molly (Tommy Gisondi), and a small, unidentified person who does running flips, plus all the other orphans explode in the frenzy of "It's a Hard-Knock Life." Quite tolerable, too, is the film's sentimental centerpiece when Annie, at the White House, leads Franklin and Eleanor Roosevelt (Edward Herrmann and Lois DeBanzie) and Daddy in a reprise of "Tomorrow," which becomes something of a New Deal anthem.

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BUSY-BERLIN — Left, a street vendor at work on the Kurfuerstendamm; center, sailboats on the Havel River; right, young workers in apprenticeship program in electronics shop at Siemens AG.

## WEST BERLIN

**Herald Tribune**  
INTERNATIONAL  
Published With The New York Times and The Washington Post  
JUNE, 1982

### INVESTMENT

#### Strong Pitch to the International Companies

RECENTLY, the Ford Motor Company took out full-page advertisements in several West Berlin daily newspapers to announce that a new plant, which makes plastic components for cars, in the city's outlying Zehlendorf district, was now fully operational. "Exactly 50 years to the day that a Ford car — one of the legendary T-Models — was first assembled in Berlin," it proclaimed.

Ford was not only back in West Berlin but, through creating 700 "modern work places," was simultaneously helping to secure the city's future, the advertisement claimed, and quoted Robert A. Lutz, the chairman of Ford Cologne, as saying: "Business and industry must also play a role in helping to preserve freedom."

The American company moved fast after the decision to invest 130 million Deutsche marks in a plant in West Berlin in January, 1980, when the foundation stone was laid. The Ford venture demon-

strates that an increasing number of international companies are willing to ignore historical fears about the political risk attached to investing in Berlin.

#### Corporation Created

One of the main reasons behind this encouraging trend dates back to the 1972-implemented Four Power Agreement on Berlin, which took the wartime victors — Britain, France, the United States and Russia — a marathon 20 months to draw up, but which since has worked remarkably well in defusing the tension that was once a part of everyday life.

Robert Layton as its chief.

The aim of this piece of city enterprise was that Mr. Layton, a former Ford executive, and his team of economic experts, would provide free, confidential advice to anyone interested in an investment project in the divided city. More to the point, its staff was prepared to help guide businessmen through all phases of an investment project, from the cutting of red tape dealing with government officials to the finding of qualified personnel, buildings, business partners and know-how.

Now, after discussions between Bonn and Berlin, an amendment is to be made which the city feels will be more equitable, though this will not involve any sweeping changes to the system.

Income and corporate tax reductions form the second most important incentive to invest in West Berlin. The lower corporate tax — 22.5 percent less than in West Germany — applies even if dividends are paid, and an additional advantage is the markedly lower income tax paid by Berlin employees. If statistics are to be believed, West Berliners enjoy 8 percent more income than their counterparts in West Germany when they earn up to 30,000 marks — and most do. So it is hardly surprising that you see some of Germany's most expensive cars in the Grunewald and Dahlem garages of the better-known brace.

Incentives to the Fore

The Berlin Economic Development Corporation, under Mr. Layton's buoyant leadership, has not been slow in bringing these incentives to the attention of international corporations and other companies, particularly those interest-

### THE ECONOMY

By Clive Freeman

WEST Berlin, the Western metropolis deep inside East Germany, is experiencing high unemployment and an erosion of industrial jobs.

The sharp rise in unemployment among young people has caused particular concern, and the city's governing mayor, Richard von Weizsaecker, says that the fight against it will be a chief priority of his government in the months ahead.

For more than a decade, West Berlin has had remarkably high levels of employment, so the upward trend in the number of jobs earlier this year — it has now slipped slightly to just below 70,000, or 8.5 percent of the city's work force — is a disturbing situation that nobody is seeking to minimize.

Guenther Wilizki, the deputy business manager of West Berlin's Chamber of Industry and Trade, explained that, while unemployment is running at a marginally higher level than in West Germany, several of the federal states have much worse figures.

#### No Consolidation

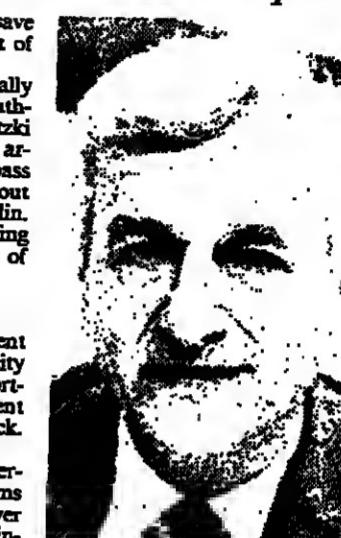
"Naturally, this is no consolation for us," he said, "because unemployment in an area like ours, which has geographical limitations, is probably more difficult and serious than elsewhere. People cannot move out into other areas in the same way that they do in West Germany. If you lose your job in Frankfurt, there is always a chance you can pick up employment 60 or 80 kilometers away. This, the West Berliners cannot do."

To combat the problem, the West Berlin government has begun a four-year, 165-million-DM program to create 4,000 apprenticeships, bringing the overall number to more than 37,000 by 1986, double that of a decade ago. As an incentive to firms to create still more training jobs, the city will pay cash premiums of 3,000 DM.

On broader front, the city is speeding up public works in the building and construction sector. Work is in progress on a new *autobahn* to Hamburg that will cut the traveling time between the two cities to a few hours. A power plant is also to be built, the ninth in the city.

Another encouraging sign has been the reopening of the Teletow Canal. This waterway, once connecting the Oder and Elbe rivers, was for years blocked off by East Germany, but it is operational again and has been broadened and

#### Optimism Despite Serious Problems



Richard von Weizsaecker

last year. Productivity in Berlin — that is, output per man employed — continues to be higher than in the Federal Republic and another positive sign is that the city's elderly population structure — for long a real problem factor — is slowly balancing itself. [More than 520,000 West Berliners are over 60]. By 1990 we will have a similar age structure to that of Dusseldorf, so there are a lot of plus factors coming up."

The city government is striving to turn Berlin into a second concentrated area in the electronics industry. Plans are proceeding to develop a special infrastructure tied to the city's huge Technical University.

"Berlin," Mr. Layton explained, "has 75,000 students and some 200 research and development institutes employing over 25,000, most of them financed in one form or another by the federal government. Berlin has traditionally been an electronics city for many years, with companies like Siemens and AEG employing 40,000 between them, we feel there is ground for still further concentration, innovation and expansion. At the Technical University, three new professorial chairs have been created in the electronics field because people now realize that this is the way to help prepare for the future."

#### Growing Role

The university's increasingly important role was underlined recently when Prof. Karl Thomae-Kozminsky, the head of its Institute for Environmental Protection, organized the Third World Recycling Congress in Berlin, attended by hundreds of experts from around the world.

The professor announced at the congress that a new faculty had been opened at the institute dealing with the problems of recycling and solid waste management. (Continued on Page 105)

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General Manager Peter Haupt at the ICC.

Over enjoyed by West Berlin's department stores, boutiques and restaurants following an influx of congress delegates. About 100 million marks more is being spent in the city each year than before the International Congress Center went into operation.

#### Nearby Attractions

Situated next to the International Congress Center are the Berlin Exhibition grounds, the location for major trade fairs such as the Green Week, the Radio and Television Exhibition and the International Tourism Exchange. These are not merely trade events. The locals flock to them by the thousands. The Green Week offers the opportunity to sample culinary specialties and alcoholic beverages from all over the world. It is held during the winter at a respectable distance from Christmas.

(Continued on Page 95)

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Functionally functional rather than beautiful, this vast, futuristic, metal-covered building has since propelled West Berlin into sixth place among the world's leading convention cities. But the price has been high, with the cost of the building escalating to 945 million Deutsche marks. In a city like West Berlin, which has a chronic housing shortage, some have doubted the wisdom of spending so much on what, in some quarters, is seen as nothing more than a glossy status symbol.

#### Costs and Expenditures

When the building opened, just over three years ago, construction work was still in progress. But as the ICC's general manager, Peter Haupt, explains, it was essential to open on time. "Once you postpone the opening day for a year, you can be sure that the same thing will happen again one or two years later," he said.

A building of this size (the two main halls can

# »Willkommen in Deutschland, Präsident Reagan«

On the occasion of the historic visit of the American President the following welcome appears in all newspapers of the Axel Springer Publishing Group

## Welcome, Mr. President

We are grateful that you have come to our country and especially that you will also visit Berlin.

I greet you in the name of my papers, speaking for millions of our readers. And I know that not only we in the Federal Republic of Germany rejoice, but that your visit also brings renewed hope and confidence to my fellow countrymen behind the Iron Curtain and the Berlin Wall.

Our sympathies are with you, Mr. President, and with the great peoples of the United States. We appreciate that by electing the man Ronald Reagan the American people have demonstrated that they are willing to once more accept their historic role as leaders of the Free World.

We have not forgotten the American generosity in the dire years after World War II. We thankfully remember the Marshall-Plan and the Berlin Airlift.

We are proud to have become partners of America in an Atlantic Defense Community which has kept the peace in Europe for more than a third of a century. We know well that only in close alliance with your nation can we and all your other European allies preserve our liberty and freedom: United we stand, divided we fall.

Good luck to you, Mr. President. May God bless you and your nation.

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## A TURNING POINT

### Victory of Christian Democrats Produces a Variety of Changes

TWELVE months ago, the victory of the Christian Democrats (CDU) in the West Berlin parliamentary elections marked a turning point in the city's postwar political history.

For 35 years, the Berlin Socialist Party (SPD), the once proud party of Ernst Reuter, Kurt Schumacher and Willy Brandt, had dominated the city's political landscape. Then it was unceremoniously booted into the wilderness by an angry, disaffected electorate. Richard von Weizsäcker became Berlin's first平民 mayor, the first to head a CDU administration.

It was no easy task, for although the conservatives achieved their best-ever result and won 48 percent of the votes cast, they were still two short of an absolute majority, and depended on a handful of "rebel" Free Democrat (FDP) deputies for survival.

Somewhat predictably, Dr. Weizsäcker's reign as governing mayor would be short-lived, that his government would topple within nine months. Instead, the veteran CDU politician has consolidated his position, quietly but resolutely.

Married, with four grown children, the Stuttgart-born Mr. Weizsäcker is a prominent evangelical churchman who, at first glance, one might think would hardly be at home in politics.

**Difficult Times**

He could hardly have found a more awkward moment to take charge. The city was wracked internally because of a housing

problem, which had resulted in more than 180 tenement apartment blocks and run-down factory buildings being occupied by squatters.

Violence had become a fairly regular feature on the weekends, as the squatters and their sympathizers let loose their frustrations on the police. Shopkeepers were up in arms at the damage being caused to their premises. The Kurfürstendamm, the city's elite and cheerful main boulevard, was a frequent target for rock-throwing youngsters.

Earlier, Dietrich Stobbe's government had collapsed in the wake of a financial scandal triggered by a city architect who had overextended himself in Middle East building projects. In a bid to rescue the SPD's dwindling fortunes, Chancellor Helmut Schmidt dispatched Hans-Joachim Vogel, the justice minister, to Berlin.

Tough on Occasion

But the move came too late. Mr. Vogel lasted only four months as governing mayor. Since Mr. Weizsäcker has moved into at city hall, in John F. Kennedy Square, passions have cooled. There have been fewer demonstrations and he has acted to stop the unlawful seizure of city properties.

Mr. Weizsäcker, 62, has been on occasion. Shortly after taking office, the city's controversial interior chief, Heinz Lümmen, sent police to clear six apartment blocks taken over by squatters, and the action produced ugly scenes. A young masked teen-

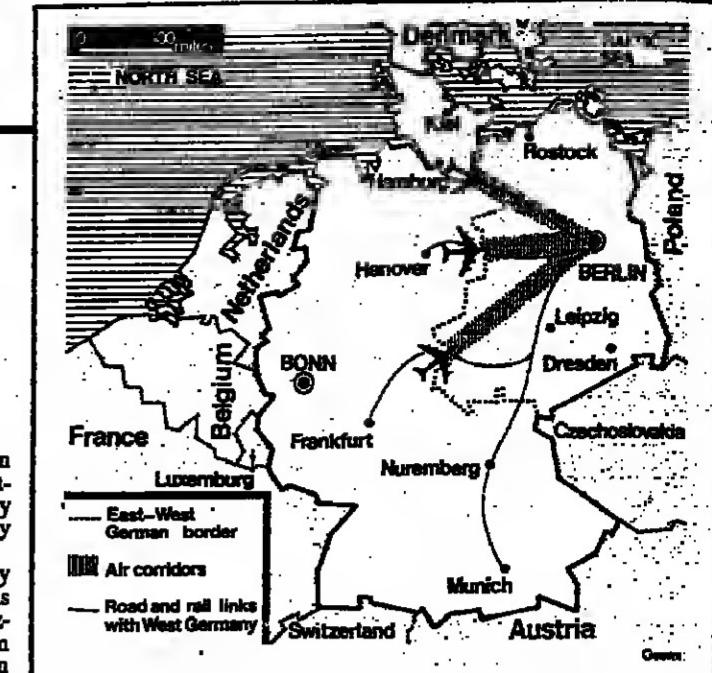
ager was knocked down and killed by a city bus, and within minutes hundreds of demonstrators were on the streets. Mr. Lümmen, turning up in one of the cleared buildings to speak with newsmen, made matters worse.

It was thought that the governing mayor might dismiss his interior minister, but in Parliament he was swift to defend him.

Mr. Lümmen, who is Mr. Weizsäcker's deputy, has introduced new regulations aimed at curbing the burgeoning immigrant community in Berlin — now 250,000 strong — and this has made him unpopular with church leaders, social workers and the city's "guest" workers, most of whom are Turkish.

He is also a prime target for the squatters, who have dubbed city walls with "Lümmen — fascist pig" and other unflattering comments. But the interior chief knows his measures have the broad support of most Berliners, so be is unlikely to back-pedal now.

Mr. Weizsäcker's understanding of national topics and sensitive Berlin status issues has made his



voice heard in Bonn. He has been aided by Norbert Blüm, his ally, federal senator, who has good links to Chancellor Schmidt's ruling coalition and the various ministries.

Such liaison is vital if things are to function smoothly in isolated Berlin, which depends on Bonn for huge subsidy every year to balance its budget.

With expectations running high, Mr. Weizsäcker's ministerial team, mostly composed of imported CDU talent from West Germany, must soon begin to deal with a number of complex questions tied to energy, housing and manpower.

Although only one member in the cabinet, Education Senator Hanna-Renate Lüders, has had previous ministerial experience at the state level (in Rhineland-Palatinate), things seem to be under control.

Earlier this year, Mr. Weizsäcker was received at the White House by President Reagan. He has also visited the Elysee Palace and 10 Downing Street.

— CLIVE FREEMAN

## INTERVIEW

### Mayor Sees Progress After a Year in Office

GOVERNING Mayor Richard von Weizsäcker commented on a number of topics in an interview with Clive Freeman. Following are excerpts from the interview:

**Question:** When you first took office a year ago, you spoke of the need to win the trust of the West Berlin population. How successful have you been?

**Answer:** I believe that in this first year of office the acceptance of the policy of the new government by the Berlin population has increased. Not terribly much, but it has increased.

**Q:** In seeking to heal some of the divisions within the city, have you been hampered by having a minority government?

**A:** The expression of minority government is both correct and misleading. This Berlin government has been voted into office by minority but by the majority of the members of our parliament. And all their major decisions have been accepted by a majority. We are not in a coalition but in a situation, which is slightly stronger. We need in many instances, but not in all, the kind of agreement which a coalition needs. But the lead is more clearly in the hand of one party than it would be in the case of a coalition. I don't really need a coalition. My experience after one year is that everything is going very well...

**Q:** In your government policy declaration, upon taking office, you talked of the problems the city was facing due to a declining German population and an increasing immigrant community. What kind of problems were you thinking of?

**A:** I think to speak in the first place of the German part of the population, that the number is not steadily going down. We have a considerable stream of young people coming into Berlin; young Germans arriving here. The city is attractive to young people. Not all of them are very easy to handle politically, and some have rather special or what they like to call "alternative" ideas. The city is magnetic for young people and in itself this is something very precious.

**Q:** As to the foreigners, we have at present approximately 250,000 out of the almost 2 million citizens of West Berlin. Of those 250,000, there are almost 130,000 Turks. They are very welcome but in case their number should steadily increase, it would make the task of growing together more and more difficult, so much so that ultimately we would fail in the task of integration. So our main purpose, and I say that also for the sake of the Turks who are here, that our priority must be to limit the steady inflow of new foreigners. In our first 12 months, we have been very active in this sphere, and to a certain extent successful. But as yet, not successful enough.

**Q:** You have appointed a woman commissioner responsible for foreigners' problems. Has that appointment shown results?

**A:** Well, it was high time to have a special appointee for this task. It is by no means a fulfilled task. It is a very long-term project, and it will last much longer than my four-year term. In any case, after a year, it is fair to say that it was absolutely essential, and high time to have someone.

**Q:** Some members of the foreign community in West Berlin have become anxious over certain measures taken by your government. What have you to say about that?

**A:** Yes, it is correct to say that our endeavor to limit the increase in foreigners has created a false impression among some of the foreigners who live here. This is not their fault. It is more our fault. A wrong impression was given. What we wanted to do was make the task of integrating them into the Berlin

population easier. And we don't want to have the foreigners out who live here. We don't want, on the other hand, to increase the number. So it is important in connection with the measures taken that the general atmosphere improves and is not allowed to deteriorate as a result of new anxieties.

**Q:** In the United States, and not only there, there was a feeling that Chancellor Schmidt was slow in reacting to the harsh measures taken in Poland last winter. West Berlin is rather nearer to the Polish border than Bonn is. What is your attitude toward the Polish crisis?

**A:** We, as Germans, have a special relationship with events in Poland. The Polish border is only 80 kilometers away from Berlin, and we have a great number of refugees from Poland. We also have a long and sometimes sad history with the Poles. The meaning of essential parts of the "Ost Politik" of

reaching those goals, of course, there can be differences of opinion. I don't think it is a question of being slower or quicker to react. It is simply the question of an assessment.

**Now, as the most effective way of reaching those goals,** of course, there can be differences of opinion. I don't think it is a question of being slower or quicker to react. It is simply the question of an assessment.

**New Thinking**

**A:** A lot of new thinking is going on in West Berlin as to the best way the city should present and, in a sense, better "sell" its cultural institutions. Prof. Wilhelm Kewenig, the city senator responsible for cultural and scientific affairs government, is initiating a policy that will undoubtedly change the accent, culturally speaking, in the coming years.

"I would like to do even more than my predecessors did to ensure that our top cultural institutions maintain or perhaps even improve on their present high standards. With money somewhat short at the moment, that will not be an easy task. But my argument is, if you want to keep Berlin on the international scene, then these institutions have to be kept in good shape," he said.

Sen. Kewenig also wants to stress the "export" side of the city's cultural life. "If you look at the events of the last few years, there was a lot of imported culture to the city. A multitude of artists, musicians, theater groups and so on were invited here. That will continue, of course, but with some changes being made," he said.

He believes that a city as proud and as alive as Berlin should try to show this — not only by attracting as many people as possible but also by sending out into the world the best that it has to offer, such as the Deutsche Opera, the Philharmonic, the Schauspielhaus (the city's most celebrated theater) and those treasures housed in the magnificent Prussian cultural foundation museums.

This will be a costly business. At present, the amount allocated to the city's cultural budget for export purposes is only 1 million Deutsche marks a year. "So I am going to try and change that a little," he said.

With much discussion taking place about the state of West Ger-

many as to the best way. And I think the Berliners have always been very eager and active to contribute what they can ever since the declaration of martial law.

**Q:** What do you see as your main tasks in the coming months?

**A:** The two main tasks on the domestic front are, first, full employment or rather the fight against unemployment, and, second, the task of integrating the foreigners. All the other important long-range problems, such as housing, education and so on have to do with those questions. Apart from that, I shall always keep a watchful eye on the outward situation of Berlin, and contribute to the general discussion and assessment in Germany, and also in the capitals of our allies, as to East-West relations in general, and the inner-German relations in particular. This is a very important task.

Now, as the most effective way of reaching those goals, of course, there can be differences of opinion. I don't think it is a question of being slower or quicker to react. It is simply the question of an assessment.

**Already, there are plans in 1983 for the Deutsche Opera — now in the charge of Goetz Friedrich — to go to San Antonio, Texas, to give several opera productions. Sen. Kewenig is trying for a regular event of this kind, possibly every second year, in Washington or perhaps New York.**

The senator also believes that not only should the city's major institutions be maintained and nurtured but that more must be done to promote Berlin's "off-scene" activities.

"We are streets ahead of other West German cities in terms of alternative or off-scene events. It has tradition and often comes from very deep roots," he said. "We want to try to encourage the trend by subsidizing, where we can, certain productions."

There is a vibrant, exciting quality about Berlin's cultural life today. This is a sign not only in the city but also far beyond, that two men of high administrative and artistic caliber are in charge at the Deutsche Opera and at the city's three municipal dramatic theaters — the Schiller, the Schlosspark and the Experimental Workshop.

Roy Gobert, who came from Hamburg to Berlin to take control of the theaters, has brought new ideas and buoyancy with him. A talented actor, who frequently takes on demanding roles, Mr. Gobert succeeded in giving a "buzz" to the city's theater life again.

At the Deutsche Opera, Mr. Friedrich has accomplished a lot since being appointed general manager and director-producer of the company's production 10 months ago. Opera fans have enjoyed a better program balance with new productions such as Janacek's "Aus Einem Totenhau" and Alban Berg's "Lulu," drawing a great response from younger fans.

"Opera," Mr. Friedrich said, "has to be a blend of the old and the new, and to be open to all age levels." For the 1982-1983 season, Mr. Friedrich is worried that he may not be able to see through his planned program because of cuts that have been forced on him.

In 1982, we didn't get the in-  
(Continued on Following Page)

C LIVE FREEMAN is a former Daily Telegraph (London) staff correspondent now working in Berlin as a free-lance broadcaster and journalist.  
MARK CALDWELL is a free-lance broadcaster and journalist based in Berlin.

## WEST BERLIN

### COPING WITH TENSION

*City Has Adapted Well to Life in the Shadow of the Wall*

**W**EST Berlin, in June, is hard to resist. Its greenness is refreshing. Its parks and squares are ablaze with pansies and geraniums. Along the city's Kurfürstendamm, the elderly and the respectable sit in the open-air cafes soaking up the sun.

Nearby, brisk waitresses serve elaborate ice creams and Berliner Weisse (a white beer mixed with red or green cordial), which the customers sip through a straw. A Porsche with a Darmstadt registration crawls up the tree-lined boulevard, hoping with the optimism of a visitor to find a parking spot, much to the chagrin of the cream-colored Mercedes taxi behind it.

Curbside art and jewelry dealers ply their wares from rickety, temporary tables against a background of noisy music, courtesy of AFN Berlin, only yards from fashionable boutiques and department stores. At the junction with Uhlandstrasse, a harrel-organ grinder churns out old melodies, with a monkey perched on his shoulder. The traffic lights change and shoppers brave heat and exhaust fumes to cross the road.

Looking at this scene of peaceful urban normality, it is hard to believe that a year ago this elegant avenue in the heart of the city was the scene of frequent outbreaks of violence. Enraged squatters showed their displeasure at city government housing policies by hurling cobblestones at bank and shop windows. Since then, a Christian Democratic Union-led government has succeeded in dampening the unrest. People have shown willingness to give the new administration a chance to solve some of the more pressing inner-city problems, and a measure of trust has been restored.

#### Reagan Visit

President Reagan is to visit West Berlin for a few hours on Friday. What kind of city will he find? In recent months, Berlin has been a markedly quieter place than the one Secretary of State Alexander M. Haig Jr. encountered last August. Then, more than 30,000 people took to the streets in protest, and a U.S. flag was burned. Police had to battle with masked youngsters to prevent them from bursting through a cordon thrown around the city hall in John F. Kennedy Square.

It was an embarrassing spectacle for officials in a city that has long depended on the United States to look after its freedom. West Berlin's governing mayor, Richard von Weizsäcker, believes that the vast majority of Berliners are anxious to give Mr. Reagan a friendly welcome. He also knows that a minority with a potential for violence could set up a protest. So the biggest security operation since the war is being planned to ensure Mr. Reagan's safety.

President Reagan, as a result, will be taken about the city by helicopter to fulfill his engagements. At Charlottenburg Palace, where he is to sign the city's golden visitors' book, security will be particularly tight, for tens of thousands are expected to jam the elegant castle gardens to catch a glimpse of him.

The president cannot help but be impressed by the prosperity and vitality of a city that has managed to overcome the disadvantages that go with being situated 110 miles inside East Germany.

As Mayor Weizsäcker has recently stated, Berlin can never be a completely normal city, cut off as it is from West Germany. In the

strict sense of the word, it remains under occupation, although the three Western allies — Britain, France and the United States — handed over the everyday running of West Berlin's affairs in the government long ago.

#### Sharp Protests

Mr. Reagan will be taking a look at one aspect of the city's abnormality, the Berlin Wall. The Berliners loathe it, but they have had to come to terms with its existence. As an elderly Berlin pensioner put it, "It is an everyday fact of our lives, but we don't talk about it every morning over our Corn Flakes."

The anger caused by the building of the wall in August, 1961, took years to abate. A major breakthrough came when the four wartime victors, after 20 months of exhausting negotiations, signed the Quadripartite Agreement pertaining to the city in 1972. It was a complex document, but it has worked well so far in reducing tension in both halves of the city. One of its more important provisions was that it allowed West Berliners to pass through city checkpoints to visit relatives and friends in East Berlin and other parts of East Germany for 30 days a year.

Another vital clause in the agreement was that all West Berlin's transit traffic passing through East Germany would no longer be subject to the strict controls and searches of the Cold War years. This is one part of the agreement that has worked remarkably smoothly during the last decade. It has resulted in a tremendous increase in the volume of people heading to West Germany during the weekend in their cars, helping to alleviate the feeling of being shut away in a beleaguered city.

West Berlin, because of the wall, has been cut off from its natural hinterland, and although it has magnificent lakes and parks, people who live here have a great need to leave town occasionally, to enjoy the simple pleasures of country life.

Even football in West Berlin has political overtones. In May, the city's leading professional football team, Hertha BSC, was promoted to the West German 1st division, the Bundesliga, after defeating Hannover 2-0 before a crowd of 30,000 in the Olympic Stadium.

Mr. Weizsäcker, who went on the field to congratulate the players at the final whistle, found himself besieged by fans, one of whom in his exuberance clouted him on the head.

The governing mayor took it all in good humor for he knew that Hertha's victory would once again underline the ties the city has with West Germany. Every week, at the start of the new season, the club will be playing against top teams from major West German cities such as Hamburg, Stuttgart, Frankfurt and Duesseldorf. As a city official said, "It means a regular interchange of people moving to and from the city. It may only be football, but it helps to make people feel that West Berlin is a part of the Federal Republic."

Under the 1972 pact, it was agreed that the city could promote its economic and cultural ties to West Germany. But this interpretation of the agreement has caused the Russians to have misgivings. The Soviet Union's ambassador to East Germany, Pyotr Abramov, was pulled back to East Berlin for his second term as an envoy there because the Kremlin felt the West was bending the agreement to its

#### Fees Reconsidered

Last December, Chancellor Helmut Schmidt of West Germany met Erich Honecker of East Germany at a hunting lodge in Wernigerode, north of East Berlin, in the hopes that the Communists would agree to reconsider the border fees. So far no progress has been made, even though Bonn, at one time, was threatening not to renew the interest-free credit facility enjoyed by East Germany in its trade with West Germany.

The anger caused in the West by the harsh currency regulations only emphasizes what Mr. Weizsäcker stresses, that Berlin is different than any other West European city, a point naively overlooked by some city politicians.

When the CDU won the parliamentary elections last year, it pledged that it would take measures to curb the burgeoning immigrant community — at last count 124,000 people, including 130,000 Turks.

Mosques are crowded into the poorer city districts of Kreuzberg, Wedding and Tiergarten. A tremendous strain has been imposed on the city schools and social welfare systems. In some classes, more than 50 percent of the pupils are the children of Turkish "guest-workers."

As the foreign community has swollen in recent years, the problems of housing and education have multiplied. The rise in unemployment in the last nine months has led to rising resentment against the foreigners. Six months ago, the city government announced the appointment of a commissioner, Barbara John, to deal with problems affecting the immigrant community. At her office in the bustling Potsdamerstrasse, the 44-year-old Mrs. John has a team of workers trying to improve relations with the city's non-Germans.

— CLIVE FREEMAN

## FAIR GAME

(Continued from Page 75)

The International Tourism Exchange excites the German's *Reiseleiter*, and even the disinterested layman will glance at the latest communications gadgetry during the Radio and Television Exhibition. Because of the advertising and the persistent media coverage, it is difficult to overlook these events, which are fixed dates on the West Berlin calendar.

West Berlin delights in international attention from the rest of the Western world because of its former status as the most exciting and avant garde capital in pre-war Europe.

Last year, social unrest, taking the form of squatters' riots, tended

to tarnish West Berlin's image abroad. Television coverage of street clashes, city officials say, gave a distorted picture. This and the recession have hurt the hotel trade.

The remedy, Mr. Haupt says, is in the congress delegate.

The idea that West Berlin could be an attractive site for international congresses and conventions is not new. The Kongresshalle was built in September, 1957, and was quickly christened the "pregnant oyster" by locals because of its butterfly-wing roof construction.

The building remained in use until May 21, 1960. On that day, at 10:54 a.m., part of the roof collapsed. It sounded like an earth-

quake. A television journalist was killed by rubble crashing down as he entered the building. At first there were fears that a terrorist attack had taken place, but it was later determined that steel cables had become exposed to the elements because of cracks in the concrete roof. The cables had rusted.

In any other city, the building would have subsequently been demolished. But the Kongresshalle, partly funded with American money from the Benjamin Franklin Trust, had become a symbol of German-U.S. friendship. It will be rebuilt in its original form with improved technology.

There has been much deliberation as to what the restored building should be used for, particularly as the AMK, the company responsible for Berlin's trade fairs, has little use for it now that the ICC is operating next door in the city's main exhibition grounds. One suggestion is that the Kongresshalle should be a center for cultural activities.

Has the worsening economic climate affected business at the International Congress Center? Mr. Haupt said that there has been no decrease in the number of events, but that now there are fewer delegates. Previously a company would send seven or eight people; now they send three or four.

Mr. Haupt is optimistic about West Berlin's future as a congress city, even though 1982 is not a good year for large conventions, such as the Jaycees World Congress and the International Bar Association conference, for which the ICC building was primarily designed. "These events tend to occur once every five or seven years, so a lean year every now and again is to be expected," he said.

More than 1 million people have passed through the doors of the International Congress Center since it was opened.

## SIEMENS

### America's largest diesel generator — from Siemens in Berlin

**New Jersey, March '82.** For the first time ever, a diesel generator developing 30 MVA at 13,800 V and 120 rpm has been installed in the United States.

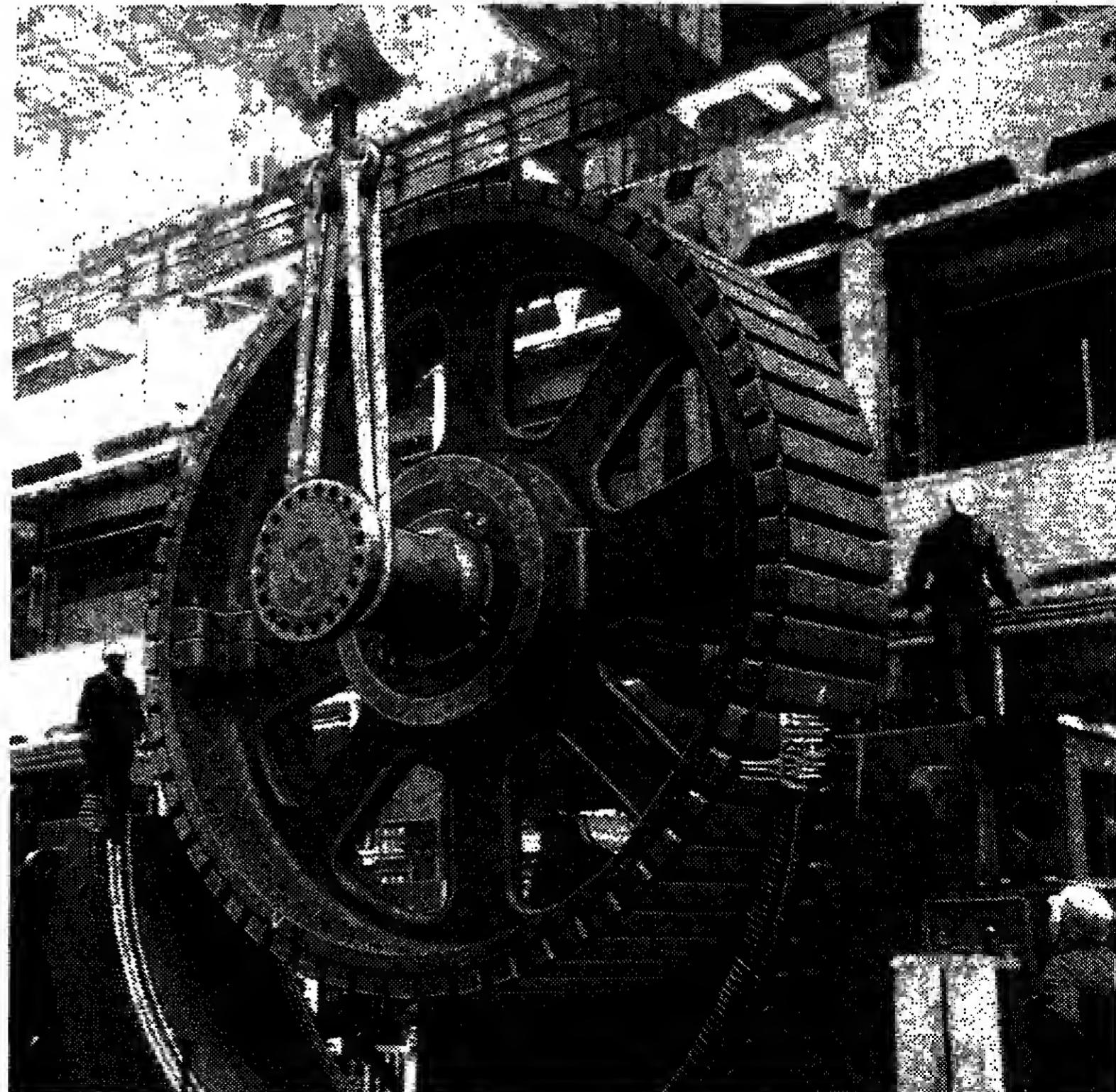
More than 28,000 man-hours were required for the design, production and assembly of this diesel generator, built by Siemens in Berlin for a pharmaceutical plant in Belvidere, New Jersey. Over 8.5 meters high, 11 meters wide and weighing 222 tons, the generator is one of the largest in the world.

This electric generator, driven by a Sulzer diesel engine, also recovers waste heat in the form of steam and hot water from the exhaust gases and

cooling water. The additional utilization of primary energy increases the total efficiency of the system from 40% to about 90%.

The generator is a pilot project supported by a US Federal Government program to promote energy-saving investments in the American economy.

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## WEST BERLIN

### RESEARCH

*City Contributes 11% of West Germany's R & D*

**I**N A CITY often swamped in the past by the tide of world politics, the notion that West Berlin is an important research and development center may seem somewhat surprising. Yet the number of people — 38,000 — nudging back the frontiers of knowledge or quietly finding solutions to problems would constitute a small town.

Eleven percent of West Germany's research and development effort takes place in West Berlin, at an estimated cost for 1981 of 1.4 billion DM — unusually high figures, as only 3 percent of the West German population is in West Berlin.

West Berlin scientists and engineers test artificial hearts, run cars on methanol, breed coffee plants, carry out post office trials on fiber optics — the 21st-century substitute for copper wire — use computers to recognize the human voice and investigate how to reduce the psychological burden of going to work every morning.

#### Energy

Research and development work in West Berlin encompasses a baffling array of disciplines, but in the 1980s more and more attention is being paid to a problem of global proportions, the conservation of energy.

In a major policy statement 18 months ago, the then-senator for science and research, Peter Glotz, put energy first on his list of research and development priorities — a move fully endorsed by the present senator, Wilhelm Kewenig.

Among energy-related research conducted in West Berlin, as men-

tioned at a recent energy specialists' conference, are:

- At the Hahn-Meitner Institute: problems encountered in reprocessing spent nuclear fuel.
- At the Science Center: energy and the consumer.
- At the Technical College: solar panels.
- At the Federal Institute for Materials Testing: reactor safety.

Other projects, among 40 launched by a Berlin Senate energy research program in 1980, include heat pumps, wind power and a revolutionary washing machine that wastes effectively with cold water.

#### Convention

City officials are so determined that West Berlin should play a major role in European research into energy matters that this autumn the city's exhibition grounds will host SOLAR '82, an international convention about the use and conservation of energy. The Berlin Senate never tires of telling the Berliners how economic growth, full employment and the ability to compete on world markets are all dependent on a constructive use of energy.

Coupled with the drive to encourage a more thoughtful use of natural resources has been a research and development campaign aimed at West Berlin's small and medium-size businesses. Attention is drawn to generous government subsidies that are available and to the wealth of expertise accumulated in the city's 200 research establishments. Through agencies such as TU-transfer and the VDI technology center, the businessman can be helped to overcome knotty

technical problems, enabling him to manufacture a more competitive product, in step with the latest technological advances.

But, according to a spokesman for the federal Ministry of Research and Technology, some medium- and small-size firms experience an "initial aversion" to academic experts. One attempt to dispel this mistrust will be the Technology Forum '82 this October. Those interested in using the latest technologies will be able to meet those who can offer them in the city's International Congress Center and adjoining exhibition grounds.

The worry is that, without the latest technological expertise, many small and medium-size firms will not remain competitive on world markets. Easy-to-assemble products are facing increasing competition from the more advanced Third World countries. To combat this, a speedy transfer of technology is required, from the laboratory bench or test pad to the shop floor.

#### Microchips

As virtually no branch of industry can escape the onward march of the microchip, the federal government in Bonn at the beginning of the year launched a special research and development aid program on the applications of microelectronics. Administered by the VDI technology center in West Berlin, it is expected to run for three years. The emphasis is on smaller firms, who can apply for grants and profitably exploit the latest in microchips with the minimum of bureaucratic problems.

**With industrial giants such as Siemens within its frontiers, West Berlin is felt to be the ideal city for invigorating the West German electronics industry. And to cope with the demand for trained personnel, West Berlin's Technical University is expanding its electronics faculty.**

Ties with industry are to be strengthened, and design and research are to be stepped up, with cooperation from several research establishments in the city including the Heinrich Hertz Institute and BESSY (Berlin Electron Storage for Synchrotron Radiation).

BESSY, built at a cost of 72 million DM, is the latest major hardware addition to West Berlin's research and development effort.

The company is aiming to produce 2 billion milk and soft-drink cartons every year, primarily for the West German market.

## THE ECONOMY

(Continued from Page 7S)

"Much needs to be done in this important area," he said later. "Every year huge quantities of waste in the EEC-member countries are disposed of when it could be recycled and put to further use."

Since the war, the city has had no serious industrial action or work stoppages — a factor that influenced the Ford Motor Co. when it chose to spend 130 million DM on a new plant there. "Production is running so smoothly that I understand there are plans for a second-phase investment program," Mr. Layton said.

Last year, another foreign company, Tetra-Pak of Sweden, which makes cartons for milk and soft drinks, began production at its new 70-million-Dm plant in the city. A further 30-million-Dm investment is planned in 1983, by which time the firm will be employing 250 workers.

The company is aiming to produce 2 billion milk and soft-drink cartons every year, primarily for the West German market.

#### Schering Increase

Schering is another company doing well in Berlin. In May, the firm, whose products sell in 140 countries, announced a 3.8-billion-Dm turnover on its operations in 1981, a 19-percent increase from 1980.

In the first quarter of 1982, the company's trading results continued their impressive surge forward, and a 4-billion-Dm turnover, or a 9-percent increase, is forecast for this year.

Schering employs about 21,700 people at its 120 plants and subsidiaries, and last year scored heavily because of the sudden weakness of the Deutsche mark against the dollar. "That helped our exports enormously," a company spokesman said.

Schering's four divisions deal in pharmaceuticals, agrochemicals, industrial chemicals and electroplating, besides the contraceptive

pill. In 1981, its Berlin work force increased by almost 100 to more than 5,800, and there was a 2-percent rise in its staff worldwide.

Besides companies like Siemens, AEG-Telefunken, Schering and Ford, Berlin has a host of other renowned firms supplying the West German, European Economic Community and overseas markets. These include Oerlikon, Standard Elektrik Lorenz, Borg, Daimler-Benz, Elmet, Balisen, Metita and Gillette (U.S.), which has its largest factory on the European continent based in Berlin, making the Contour razor.

#### Cigarette Firms

Among the cigarette manufacturers in the city are firms like British American Tobacco, Philip Morris, Reemtsma and Brinkmann. The Swedish Electrolux company has a thriving Berlin undertaking, producing carpet sweepers. Two other firms, Otis Elevator (U.S.) and Schindler (Swiss), between them, manufacture every third elevator sold on the West German market at their Berlin factories.

In May, IBM laid the foundation stone for a new storage plant, in a further expansion of its Berlin operations. Two other U.S.-owned firms, Kaiser Aluminum and AUER, maintain production in Berlin, with AUER specializing in safety equipment for mines. ITT also has a plant, manufacturing electrical technical equipment.

BMW makes all the motorcycles in the world at its West Berlin factory, and maintains a constant high level of production. Daimler-Benz is similarly blessed. Such firms are traditionally less sensitive to the whims of the automobile market than the larger West German automobile producers.

Last year, the recession particularly struck at small and medium-size firms. This was reflected in the sharp increase in the number of bankruptcies and insolvencies, Mr. Wilfritz said. The number of firms that went out of business rose by 30 percent during the year, as also was the case in West Germany.

By the end of 1981, the number of jobless in Berlin stood at 61,000 — a figure not reached since the dark days of the 1950s — and 22,000 more than during the same period in 1980. The number of open vacancies also dropped dramatically, and about 10,300 employees were on part-time work. The trend was registered in the 1-percent decline in the work force.

West Berlin relied on a 9.7-billion-Dm subsidy in 1981 from Bonn — more than 51 percent of the city's budget — to balance its accounts. "When people see such figures, they tend to think, 'My God, Berlin is costing a lot of money.' But, in fact, the city earned 8.6 billion Deutsche marks in taxes last year, which meant that 90 percent of the federal aid was covered," Mr. Wilfritz said.

## INVESTMENT

(Continued from Page 7S)

a factory site for which it then pays 4.5 percent of the purchase price and gets a hereditary lease. It also makes a 12.5-percent reimbursement on building costs, which is transacted within four months of the calendar year in which it is made. A rebate of 25 percent is also received by the investor on the machinery and equipment outlay.

In the case of a research and development project, the tax-exempt investment subsidy is increased to 40 percent on any amount after that.

In the first year, 75 percent may be written off on total investments. Such business advantages led, a few years ago, to the Industrial Credit-Bank investigating just how

rewarding they turned out to be. The bank compared 77 West Berlin manufacturing companies with a similar number in West Germany and discovered that from 1974 to 1977 the West Berlin companies had a return on investment, including write-offs, of 13.6 percent against 10.3 percent for the less cosseted West German firms.

On certain projects, the city will assume the expense and responsibility for clearing and developing a site in preparation for construction. A similar deal holds in respect of administrative charges and development contributions. Such projects are exempt from the real estate transfer tax.

Enterprises may also obtain loans from the European Recovery Program for the purpose of financing new Berlin facilities. The loan can be up to 40 percent of the investment. These low-interest loans at a 3.5-percent annual fixed interest rate for up to 10 years are made available for investment in building and machinery.

Mr. Layton, the economic development commissioner, after almost five years in the job, continues to extol West Berlin's possibilities for investment. He makes the point that about 8,000 acres of land are available for industrial or commercial development in the city — a vast tract amounting to almost 7 percent of the overall area of West Berlin.

Together with its heavy investment to infrastructure and in such projects as the International Congress Center, the Berlin govern-

ment envisages an important role for foreign capital, he said, "and particularly welcomes direct investment from the United States."

He underlines the advantages enjoyed by industrial manufacturers in West Berlin — "equivalent to between 8.7 percent and 10.2 percent of turnover" and with machine-gun speed lists the advantages to be obtained. "Income tax is 30 percent, corporation tax 22.5 percent and trade tax about 40 percent lower than in West Germany. On top of that, everyone who works to Berlin is paid a tax-free 8 percent bonus on gross wages or salaries," he said.

In broader terms, Mr. Layton said the advantages of investing in West Berlin are twofold. First, because the city's economy is a natural extension of that of West Germany and the EEC, with whom it naturally links its present and future plans for development. Second, because its location deep inside East Germany enables it to act as an ideal Western training partner with the East bloc. "It's not a bad combination," he said.

A former governing mayor of Berlin, Klaus Schuetz, who is now head of Deutsche Welle, once said: "A declaration of faith in Berlin is good; an investment in Berlin is better. For investments are straightforward and tangible declarations of faith which aid us here to Berlin, and which also profit firms that decide to establish themselves here." His words are still relevant today.

— CLIVE FREEMAN

## BALANCE SHEET '81 — GROWTH AND SAFETY

In 1981 our total business volume exceeded 10 billion Deutsche Mark for the first time and the total equity amounted to DM 376 million. Our expansion, which was marked by the development of our Branches in the Federal Republic of Germany and in London, was due to an increase in business with our customers as well as interbank transactions.

### Balance Sheet:

(in million DM)

1981 1980

Deposits	6,588	6,233
Due to banks	2,175	1,634
Loans	5,501	5,030
Due from banks	2,817	2,145
Business volume	10,124	9,023

(in million DM)

1981 1980

Net interest received and commissions	329.4	256.1
Operating expenses	238.3	213.7
Result of ordinary business	91.1	42.4
Net profit	17.4	—

Profit and Loss Account:

(in million DM)

We were able to considerably increase our net interest received and commissions. Since our operating expenses grew less rapidly, our result of ordinary business more than doubled. After prudent value adjustment and after netting against extraordinary revenues and taxes, our net profit amounted to DM 17.4 million, which permits the payment of a 12% dividend.

Further detailed information can be obtained from our Head Office in Berlin, our London Branch or our Luxembourg subsidiary.

## Ich bin ein Berliner.



Harry Gray, Chairman and CEO, United Technologies, Hartford, CT.

Harry Gray speaks one important line in German. It's the one that has called Berlin home for nearly 30 years. Elevators and escalators are manufactured there and sold throughout Europe and overseas.

Fiori-Otis has more employees in West Germany than any other United Technologies' unit. Half of those employees work in Berlin.

Why is Berlin a successful Common Market location for United Technologies, Ford, GTE, Gillette, ITT, IBM, Philip Morris, Warner Lambert and others?

Berlin is high tech.

The Technical University graduates over 2,000 each year. And recently added three chairs in micro-electronics.

There are 185 technical and R&D institutes employing 30,000, and such German technological giants as Siemens, Nixdorf, AEG-Telefunken, Mercedes-Benz and Schering. In short, a technological climate and infrastructure second to none.

Berlin is quality and reliability.

An economically and politically stable city

### Economic Development

**BERLIN**

Please send me more details about Berlin's business incentives

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

State \_\_\_\_\_

Zip \_\_\_\_\_

Tel. \_\_\_\_\_

Mail to: Wirtschaftsförderung Berlin GmbH, Budapester Str. 1, D-1000 Berlin 30.

## BERLINER BANK AKTIENGESELLSCHAFT

## BUSINESS / FINANCE

WEDNESDAY, JUNE 9, 1982

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## BUSINESS BRIEFS

## Gulf Resources Drops Legal Fight

HOUSTON — Gulf Resources & Chemical has dropped legal challenges to a takeover by a holding company, giving control of Gulf to a group headed by British investor Alan Clore.

Robert Bowman, a Gulf Resources vice president, said Tuesday that the stockholders meeting at which the takeover will be confirmed "will be very brief because everything is agreed to now." The confirmation of the takeover by proxy vote came after four previous meetings were postponed.

Mr. Clore's company, Zopress, announced in May that stockholders had given 55 percent of the vote to its 12 candidates to the 14-member board. Gulf Resources had asked a federal judge to either void the voting or delay certification of the ballots until the company's lawsuit against Mr. Clore could be heard.

## Tenneco Sells Oil Interests in Canada

HOUSTON — Tenneco said Tuesday it had sold some of its Canadian oil and gas interests to a Canadian corporation controlled by Harvard Developments, a subsidiary of McCullum Hill, Oceanic Exploration has a minority interest in the purchasing corporation, Tenneco said.

It said it had retained its 49-percent interest in the Athabasca tar sands project and its investment in an Arctic islands project. The company, which had previously announced its intention to sell holdings in Canada, would not say what it received for the properties.

## Toyota Team in U.S. for GM Talks

SAPPORO, Japan — Toyota Motor is planning a survey study on possible joint production of Toyota-designed small cars with General Motors in the United States, President Eiji Toyoda said here Tuesday.

He said that a 10-man Toyota team left for the United States on Monday for further talks with GM officials. Mr. Toyoda said an idle GM plant in Fremont, Calif., will be among the sites the Toyota team will visit. The companies have held two rounds of talks on joint production in the last two months.

## Veba Cites Oil and Chemical Losses

DUESSELDORF — Veba, the West German chemicals and energy group, Tuesday attributed a 36-percent fall in first-quarter group profit to continuing poor results in its crude oil and chemical operations. But it said an improvement in oil operations has been visible since last month.

The group refined 21 percent less crude in the first quarter due to poor demand, and refinery capacity use slipped to around 60 percent from 61 percent. Veba's petrochemical operations refined 13.2 percent less raw materials, and sales of products at its Chemische Werke Hüls unit fell 3.9 percent, it said.

## Fluor Expects Its Results to Suffer

IRVINE, Calif. — Fluor Corp., the engineering and construction company, said the worldwide recession will probably affect its operating results for the half ending Oct. 30. But the company said it hopes to offset any weak demand by an aggressive marketing approach.

Earlier, Fluor reported net income for the half ended April 30 of \$82 million, or \$1.04 a share, up from \$74.3 million, or \$1.52 a share, a year earlier. More shares were outstanding in the latest period.

## Dies for AMC Reportedly Sent to U.S.

DETROIT — Dies for American Motors Corp.'s Alliance car have been shipped to a Grand Rapids, Mich., company from France for completion, a trade journal has reported.

AMC is preparing to start production of the Alliance at its Kenosha, Wis., assembly plant. Autodirec Corp. will complete the dies begun in France and test them before they are put into the plant, probably in July, Metalworking News said Monday. The car, designed by AMC's partner, Renault, is to be introduced this fall.

## Boeing Wins Contracts for B-1, MX

WASHINGTON — Boeing has been awarded \$509.2 million in U.S. Air Force contracts, the Defense Department said Tuesday. It said Boeing's military airplane division received a \$435-million contract for development of the B-1B offensive avionics system, and Boeing Aerospace won a \$74.2-million contract for developing the MX missile-basing contract.

Compiled From Agency Dispatches

## Dollar Tops 2.40 DM; Gold Price Levels Off

*Reuters*

FRANKFURT — The dollar, supported by concerns over increasing tensions in the Middle East as Israeli forces continued their drive into Lebanon, breached the level of 2.40 Deutsche marks Tuesday.

The dollar soared to its highest in more than six weeks against the mark after rising more than four pennies in two days.

The tensions had also aided the price of gold, which rose Monday in New York to \$336.50 an ounce, up \$17 an ounce from Friday.

But the metal opened in London at \$331.50, still up sharply from Monday's close there of \$324.25, and then moved in a narrow band after the \$330.90 morning fixing.

Foreign exchanges dealers in Frankfurt said the dollar's strength, which started Monday,

was primarily a result of tension in the Middle East as Israeli forces continued their drive into Lebanon.

Investors were seeking a stable haven for their money in the dollar, which is also supported by the firmness of U.S. interest rates. Eurodollar deposit rates opened up to 1% point above Monday's close before declining slightly in the afternoon.

The dollar's rise came despite promises of greater monetary cooperation among seven leading industrial countries at the Versailles, France, summit this weekend. But dealers said they did not see much substance in those pledges, leaving European central banks to defend their own currencies without the help of the United States.

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Frankfurt dealers said that both the political and fiscal problems of

## NYSE Prices Ease in Quiet Session

*From Agency Dispatches*

NEW YORK — Prices on the New York Stock Exchange closed slightly lower Tuesday as the market settled into a narrow trading range against a background of high interest rates and a troubled economic outlook.

The Dow Jones industrial average bounced around throughout the day before closing with a drop of 1.8 points at 802.23. Declines led advances, 870 to 500, and volume inched up to 46.82 million shares from 44.63 million Monday.

Analysts said the market appears to be trying to build a bottom at around the 800 level on the Dow average.

Tuesday's closing price for the Dow index is only 6.76 points

above its closing low for the year of 795.47, reached March 8.

Analysts were divided on whether the market will rally from the 800 level and develop a short-term technical uptrend or lose its support and fall through the March low.

Most analysts said any near-term advance would be temporary because the market was in a base-building phase that would require time to build before a major upswing got underway.

There was considerable pessimism that a strong rally will develop while interest rates remain high and Congress shows no signs of approving a federal budget plan.

Israel's invasion of southern Lebanon and reports of Syrian jets

being shot down in the fray have restrained some investors who were fearful an all-out Middle East war would erupt and produce chaos in international markets.

Stocks were also under pressure from lowered projections for second quarter corporate earnings, analysts said.

The activity in IBM exemplified the impact that a lowered earnings projection can have on a stock, even one as well-thought-of as the investment community as IBM.

IBM slid 1% to 58% on turnover of 1,731,700 shares due to some a somewhat bearish report by Ulric Weil of Morgan Stanley. Mr. Weil said some IBM customers have delayed taking delivery on its new 3081 computer, which is expected to account for 10 percent of the computer giant's earnings this year.

United Technologies was one of the most active NYSE-listed issues after the company won an \$87.1-million Navy contract.

Mesa Petroleum and Cities Service were active. The companies have made bids for each other.

## CURRENCY RATES

Intraday exchange rates for June 8, excluding bank service charges.

	U.S.	Euro	U.K.	FR.	Sw.	JPY.	DM.	DK.
Australia	2.444	4.728	115.77	22.65	2.084	102.00	22.57	2.084
Bermuda (4)	45.20	80.05	147.0	3.77	2.022	17.65	4.77	2.022
Denmark (4)	3.996	6.865	—	3.81	—	5.97	12.05	—
Iceland (4)	1.992	3.494	—	2.022	—	3.62	44.578	—
Malta	1.2183	2.046	22.64	215.49	—	29.202	6.27	—
New York	—	—	—	—	—	—	16.24	—
Peru	6.2025	11.187	26.62	—	—	—	—	—
Spain	2.0272	3.454	21.37	4.75	—	24.70	12.75	30.45
Turkey	—	—	—	—	—	—	—	—
U.S.A.	1.6641	2.8965	2.995	12.257	2.653	45.728	2.84	3.041
U.S.S.R.	1.1747	2.6227	2.8472	6.0467	2.9449	50.055	22.024	2.8472

## Dollar Values

Per U.S. 1000

(1) Computed from 1000 U.S. Dollars converted to 1000 U.S. Dollars.

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## Relly's New Role at Anglo American

**FUTURE CHIEF LAUGHS AT VIEW HE WILL BE IN OPPENHEIMER'S SHADOW**

By Joseph Lelyveld  
New York Times Service

JOHANNESBURG — To smooth the way for his successor at the helm of the Anglo American Corp., Harry F. Oppenheimer made a point last week of announcing he would be vacating not only the chairman's post at year-end but also the seat on the board he had held for 48 years.

Yet Gavin W.H. Relly, the newly-named chairman-to-be of the South African mining and industrial colossus with assets said to be worth \$15 billion, can be excused if he wonders how much additional authority will come his way with the title. The withdrawal of Mr. Oppenheimer, 73, from the active management of the company his father founded 65 years ago will hardly signal his departure from the scene.

On the contrary, Mr. Oppenheimer will continue to be a daily presence at Anglo American headquarters. More important, he will remain chairman of the companies that control the two largest blocks of Anglo American shares — De

Bears Consolidated Mines, the world's largest producer of diamonds, and E. Oppenheimer & Son, the family's private concern.

Mr. Oppenheimer also announced that his only son, Nicholas, 36, would become one of two deputy chairmen when he himself bows out. The younger Mr. Oppenheimer is expected to serve as his father's ears.

"Oh, I think it's food for all sorts of speculation," Mr. Relly acknowledged with a laugh when asked about these factors. "I confess that all the elements are there for the thing to be rather difficult. But I think he's a very wise man and I hope I'm a little bit wise, and I wouldn't have thought it would be too bad."

Mr. Relly, 56, has performed most of the functions of a chief executive officer in recent years as chairman of the executive and operating committees that oversee Anglo American's vast commercial and industrial interests as well as the gold mines that still produce about 40 percent of its revenues. His entire working life has been

spent at Anglo American, and he was on the inside almost from the start. Following his Oxford days, he served as private secretary not only to Harry Oppenheimer but also to the original empire builder, Sir Ernest Oppenheimer.

Thus Mr. Relly represents continuity. But the understated manner-in style of Mr. Oppenheimer — who merely has to suggest what others would find it necessary to assert — has not rubbed off on his successor.

Gavin Relly is a man of strong but not rigid opinions, expressed with an engaging vehemence that somehow manages to leave room for other views, too.

Mr. Relly, showing up for a recent interview in corduroy trousers and a golfing shirt, talked for a time about the eight years he spent representing Anglo American's interests outside South Africa — first in Zambia and then in North America.

His spell in Zambia came just after that country had gained independence but before its government took over control of Anglo American's copper mines. Mr. Relly enjoyed a warm relationship with President Kenneth Kaunda.

## S. Korea Cuts Larger Share

(Continued from Page 11)  
pertankers, after oil prices first soared in the early 1970s and economic activity subsequently slowed down worldwide.

In the last two years, brisk demand for so-called bulk carriers, which transport commodities such as coal, iron ore and grain, helped take up some of the slack. But since last fall, the orders for these bulk carriers have fallen sharply, by as much as 70 percent, analysts say.

To design and build a ship requires as much as 18 months. Accordingly, the bustling pace of activity at Hyundai's Ulsan yard is, to some degree, misleading.

"The yard is very busy," said Park Seung Kyoon, a managing director. "But right now we should be getting orders for ships to be delivered in the latter part of 1983 and early 1984, and we are not. We have never experienced such a shortage of new orders."

Hence the wisdom of South Korea's expansion plans is in doubt, especially in the eyes of experts in its competitor nation. "Korea will not be free of the worldwide situation, which is not favorable," said Aichiro Endo, an analyst at Japan's Daiwa Securities Research Institute.

Furthermore, in choosing to expand in shipbuilding, South Korea is linking its economy closer to a heavy industry at a time when the general drift of the government's five-year plan is to reduce its dependence on heavy industry.

Government planners and industry executives contend that shipbuilding is a good business for

whenever the price of the product, gold, happens to fall.

In discussing South Africa's future, Mr. Relly is just as optimistic as when he talks about business. Unlike Mr. Oppenheimer, he has not been widely identified with the Progressive Federal Party, the relatively liberal opposition in the white Parliament.

He finds hope in Prime Minister Pieter W. Botha's cautious moves toward constitutional change.

"I personally think there will be change," he said, "but it's the old question of how long, oh Lord, how long!"

### CORUM Maitres Artisans d'Horlogerie



N.V.T.

## Hoechst Puts Kuwait Stake at 18%

Reuters

FRANKFURT — Kuwait has bought about 18 percent of Hoechst, West Germany's largest chemical company, company sources said Tuesday.

At Tuesday's price of Hoechst shares, that shareholding would be worth about one billion Deutsche marks (\$417 million). Hoechst has nominal capital of 2.35 billion DM.

At the company's annual meeting, Chairman Rolf Sammer declined to give the precise level of the Kuwaiti stake.

He said only that there was no indication that the Middle Eastern oil state had acquired an interest of more than 25 percent, which would have given Kuwait effective veto power over major questions of corporate strategy.

Company sources later put the stake at about 18 percent. Stock exchange dealers said Kuwait had apparently bought the shares quietly through agents over several months.

Banking sources said last month that Kuwait had purchased about 25 percent of Hoechst shares over an extended period of time. Such gradual acquisitions would allow the purchaser to skirt West German securities laws that require the registration and approval by antitrust authorities of any participation of more than 25 percent.

Mr. Sammer said that Kuwait has not notified the company of any such shareholding nor has Commerzbank, which was rumored on West German stock exchanges to have put together the

deal on behalf of Kuwait, given any confirmation despite questioning from Hoechst.

He said a survey of shareholders taken at the end of 1981 showed that about 33 percent of Hoechst's capital was held by foreigners, up sharply from the 19 percent shown in the previous survey conducted in 1978.

"One can speculate that of this foreign shareholding a large portion is held by major investors in

the oil countries of the Middle East... Bank secrecy regulations make it however impossible to provide exact information, and it should not be our role to engage in speculation," he said.

Kuwait has been a major investor in West German industry since the oil price rises of the 1970s. It holds 25 percent of Daimler-Benz as well as 20 percent of metal trader Metallgesellschaft and about 25 percent of the steelmaker Korf Stahl.

### COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

France

Cie de Saint-Gobain

Year 1981 1980

Profits 422.5 453.2

Imperial

Year 1981 1980

Revenue 12,480 11,640

Profits 116.04 248.30

United States

Gulf & Western Industries

3rd Quar.

Revenue 1,240 1,470

Profits 35.30 75.80

Per Share 0.45 0.57

9 months

Revenue 4,200 4,000

Profits 167.41 222.90

Per Share 2.17 2.28

West Germany

Veba

1st Quar.

Revenue 12,320 11,700

Profits 81.0 93.0

### HIGHS AND LOWS

NEW HIGHS — June 8

Gen-Hall's LinerPlac Pd Plessey Ltd Raychem

NEW LOWS — 122

Alcatel SA Postwhite

AEG/Thyssen AERZTECH GATX Corp

Amoco Corp. GEFCO

Amoco Int'l GEC-Plessey

Andritz AG GHHW mD

Anglo American Group

AngloGold Ashanti

AngloPak GKN

AngloTech GKN

AngloVest GKN



## **Tuesday's AMEX Closing Prices**

Tables include the nationwide prices up to the closing on Wall Street.

## **Japan Expected To Keep Curbs On Capital Export**

18

TOKYO — Japan's Finance Ministry is expected to maintain its curbs on capital outflow for some time in view of a sharp depreciation of the yen against the dollar recently, securities sources said Tuesday.

sources said Tuesday.

Under administrative guidance supplied by the ministry to defend the yen during a depreciation of the yen earlier this year, Japanese investors' investment in foreign currency bonds fell from a peak of \$1.82 billion in March to \$1.31 billion in April, they said.

The investment is believed to have fallen below \$1 billion in May and the trend is unlikely to be reversed unless there is a sharp rise in the value of the yen, they said.

Ministry officials said there is no prospect that the ban on the sales in Japan of zero-coupon bonds, discount bonds issued overseas, imposed in March to curb a rapid capital outflow, will be lifted.

They also said permission for Japanese banks and securities houses to bring in commercial paper and certificates of deposit issued

overseas for sales in Japan will be delayed because bankers and stockbrokers are unable to agree on rules over their handling.

The officials denied that the ministry is maintaining any curbs on overseas investment by life insurance firms or pension funds held by trust banks, but added that overseas investment is becoming unattractive to these institutional investors because of wide fluctuations in the yen's exchange rate.

Securities sources said, however, that since April life insurance companies have been holding their investment in foreign currency bonds to below 10 percent of increases in their funds available for investment in compliance with an unofficial suggestion from the ministry.

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finger tips.**

**International Herald Tribune**  
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Chemical has always pioneered in innovative nonlending services. We gave you ChemLink,<sup>\*</sup> the global electronic cash management system. As its reputation grew, demand for its services spread. So we extended the system through other banks as BankLink.<sup>\*</sup> Today, the ChemLink/BankLink Network is the largest system of its kind, with more than 4,000 corporate customers around the world. And we continue to expand its capabilities.



Our Financial Consulting Groups are staffed by experts whose tradition is breaking new ground. Among the oldest of foreign exchange advisors, we have developed sophisticated new economic, regulatory and cash management services. Our consultants tackle the tough issues and create imaginative solutions for an impressive group of clients worldwide.

What Chemical has done yesterday, what we're doing today and what we're working toward for tomorrow are all part of the tradition of giving you the very best banking services. At Chemical, we have many traditions, and all of them started as innovations.

For them started as  
**CHEMICAL BANK**

**Innovation is our  
oldest tradition.**

**CHEMICAL TAKES YOU BEYOND TRADITION.**





